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Special Committee on  
Defense Expenditures  
Minutes of proceedings and  
evidence & reports

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Doc Canada Defence Expenditure, Special  
Committee on, 1951 (2d sess)

(HOUSE OF COMMONS

Fifth Session—Twenty-first Parliament  
1951

(Second Session)

SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

Chairman—Mr. D. A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

THURSDAY, NOVEMBER 29, 1951

TUESDAY, DECEMBER 4, 1951

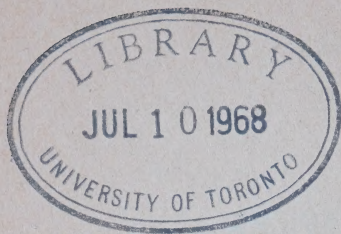
WITNESS:

Mr. C. M. Drury, C.B.E., D.S.O., E.D., Deputy Minister, Department of  
National Defence.

OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
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1951







SPECIAL COMMITTEE

on

DEFENCE EXPENDITURE

Chairman: Mr. D. A. CROLL

Vice-Chairman: Mr. Pierre GAUTHIER

and Messrs.

Adamson  
Balcom  
Blanchette  
Campney  
Cavers  
Churchill  
Drew  
Fulton  
George  
Harkness  
Henderson  
Hunter

James  
Jones  
Macdonnell (*Greenwood*)  
MacDougall  
McCusker  
McIlraith  
Pinard  
Power  
Quelch  
Stick  
Weaver  
Wright

Clerk: Antonio PLOUFFE



## ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, November 13, 1951.

*Resolved*,—That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the committee shall consist of twenty-six Members to be designated by the House at a later date.

WEDNESDAY, November 21, 1951.

*Ordered*,—That the following Members do comprise the Special Committee on Defence Expenditure as provided for in the Resolution passed by the House on Tuesday, November 13, 1951: Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pearkes, Pinard, Power, Stewart (*Winnipeg North*), Stick, Thomas, Weaver.

WEDNESDAY, November 28, 1951.

*Ordered*,—That the name of Mr. Adamson be substituted for that of Mr. Pearkes on the said Committee.

THURSDAY, November 29, 1951.

*Ordered*,—That the said Committee be authorized to sit while the House is sitting.

*Ordered*,—That the said Committee be authorized to print from day to day such copies in English and French of its Minutes of Proceedings and Evidence as the Committee may deem expedient, and that Standing Order 64 be suspended in relation thereto.

MONDAY, December 3, 1951.

*Ordered*,—That the name of Mr. Quelch be substituted for that of Mr. Thomas; and

*Ordered*,—That the name of Mr. Wright be substituted for that of Mr. Stewart (*Winnipeg North*) on the said Committee.

Attest.

LÉON J. RAYMOND,  
*Clerk of the House.*



## REPORT TO THE HOUSE

THURSDAY, November 29, 1951.

The Special Committee on Defence Expenditure begs leave to present the following as its

## FIRST REPORT

Your Committee recommends that it be empowered

1. To sit while the House is sitting.
2. To print from day to day such copies in English and French of its minutes of proceedings and evidence as the Committee may deem expedient.

All of which is respectfully submitted.

D. A. CROLL,  
*Chairman.*

## MINUTES OF PROCEEDINGS

THURSDAY, November 29, 1951.

The Special Committee on Defence Expenditure held an organization meeting at 10.00 o'clock a.m.

*Members present:* Messrs. Blanchette, Campney, Cavers, Churchill, Croll, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Stick, Thomas, Weaver—20.

On motion of Mr. Cavers, seconded by Mr. Stick,

*Resolved*,—That Mr. Croll be elected Chairman.

Mr. Croll took the chair and suggested that a Vice-Chairman be elected.

On motion of Mr. McCusker.

*Resolved*,—That Mr. Gauthier (*Portneuf*) be elected Vice-Chairman.

The Chairman read the Order of Reference.

On motion of Mr. McCusker.

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

After discussion, and on motion of Mr. Macdonnell,

*Resolved*,—That the Committee ask leave to print from day to day such copies in English and French of its minutes of proceedings and evidence as the Committee may deem expedient.

On motion of Mr. MacDougall,

It was decided to appoint a subcommittee on agenda of 9, the Chairman to designate the members.

After a brief discussion on further procedure the Chairman designated forthwith Messrs. Branchette, Campney, Gauthier (*Portneuf*), Harkness, Jones, McIlraith, Macdonnell and Thomas, as members of the subcommittee on Agenda to remain for the first meeting.

At 10.15 o'clock a.m., the Committee adjourned to the call of the Chair.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. D. A. Croll, Chairman, presided.

*Members present:* Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Gauthier (*Portneuf*), George, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Stick, Quelch, Weaver, Wright. (22).

*In attendance:*

*From the Department of National Defence:* Messrs. C. M. Drury, Deputy Minister, E. B. Armstrong, Assistant Deputy Minister (Finance), R. S. Sutherland, Head of Parliamentary Returns, A. S. Duncan, Head of Deputy Minister's Secretariat, R. C. Playfair, Chief Treasury Officer.

*From the Department of Defence Production:* Messrs. M. W. MacKenzie, Deputy Minister, T. N. Beaupre, Special Assistant.



From the Department of Finance: Mr. R. B. Bryce, Assistant Deputy Minister and Mr. B. G. McIntyre, Comptroller of the Treasury.

The Chairman presented the First Report of the Sub-Committee on Agenda, which was adopted on motion of Mr. MacDougall, as follows:

#### FIRST REPORT

Your Subcommittee on Agenda held a meeting on Thursday, November 29th, the following Members having been designated to constitute with the Chairman the said Committee: Messrs. Blanchette, Campney, Gauthier (*Port-neuf*), Harkness, Jones, Macdonnell, McIlraith and Thomas.

Your Subcommittee on Agenda recommends:

1. That officials of the Department of National Defence (Messrs. C. M. Drury, Deputy Minister, E. B. Armstrong, Assistant Deputy Minister (Finance); the Department of Defence Production (Mr. M. W. MacKenzie); the National Defence Research Board (Dr. O. M. Solandt); the Department of Finance (Mr. R. B. Bryce) and (Mr. B. G. McIntyre) be heard in the above order with respect to:
  - a. The general method of affecting expenditure and commitments therefore.
  - b. The procurement procedure.
  - c. The controls over expenditure.
2. The tabling of expenditure under such headings as equipment, training, press and information, cost of administration, personnel and such other statements as the Committee may direct to be tabled from time to time.

Your Subcommittee on Agenda notes that the Order of Reference as passed by the House mentions defence expenditure and commitments therefor since March 31st, 1950.

With respect to printing, on motion of Mr. Stick,

*Resolved*,—That the Committee print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence.

The Chairman announced that Messrs. Quelch and Wright had replaced Messrs. Thomas and Mr. Stewart (*Winnipeg North*) on the Committee.

Mr. C. M. Drury was called. He read a prepared statement and was examined.

He commenced by referring to photostatic copies of two Charts identified as follows:

Chart No. 1—Organization for Defence Planning in Canada.

Chart No. 2—Organization of Department of National Defence.

The tabling of information was requested by Messrs. Stick, Churchill, Wright, Jones, Croll and Macdonnell.

The witness was directed to produce the information requested.

With reference to Chart No. 2, Mr. Drury was asked to prepare a table giving the names of those holding the offices mentioned therein.

At 12.45 o'clock p.m., Mr. Drury's examination still continuing, on motion of Mr. Stick, the Committee adjourned until Thursday at 11.00 o'clock a.m., to hear Mr. N. W. MacKenzie.

ANTONIO PLOUFFE,  
Clerk of the Committee.

VERBATIM DELIBERATIONS  
(*Organization Meeting*)

NOVEMBER 29, 1951

10.30 A.M.

The CHAIRMAN: There is a little preliminary work to do. I think we should have a vice chairman.

Mr. McCUSKER: I would move Dr. Pierre Gauthier.

The CHAIRMAN: Moved by Mr. McCusker, seconded by Mr. Cavers.  
Carried.

The order of reference is:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the committee shall consist of twenty-six members to be designated by the House at a later date.

I think the committee will forgive me if I say this: I recommend that every member of the committee re-read the Hansard report of November 13. You will find there on the motion for setting up this committee speeches by the Prime Minister and leaders of the other parties. From that you will draw some conclusions that will be useful to you in the course of the committee proceedings. My own conclusion after reading very carefully the expressions of opinion was—that the committee would be a watch-dog for the taxpayer.

I think we all agree that the taxpayers are spending large sums of money on national defence. They want to know if they are receiving full value for their money. I think, gentlemen, within the scope of the reference we must not only be thorough but fearless to give the taxpayer all the information and protection he deserves. He is the man who is paying the shot. I do hope, gentlemen, in this very important committee we can park our partisan mantles in the corridors before coming in and perhaps put them on when we go out again. This is a very important committee to the taxpayer and to us individually. I hope we can conduct proceedings on a sound non-partisan basis.

Now, we require certain resolutions. Do we want to sit while the House is sitting?

Mr. CAVERS: Yes.

The CHAIRMAN: We have to be a little careful on that, Mr. Cavers. I think that is something on which all members should express an opinion because there are sitting the combines committee, the radio committee, this committee and others.

Mr. HARKNESS: Mr. Chairman, I think we should try as far as possible to sit while the House is not sitting. If it becomes necessary because we have a certain witness who it is not advisable to stand over until another day, I think it is quite all right, but I think as a general practice we should try to hold meetings while the House is not sitting.

Mr. JONES: I agree.

Mr. STICK: I wouldn't make that a hard and fast rule; if you move that resolution you are bound by that.

Mr. HARKNESS: There is no resolution.

The CHAIRMAN: We need power to sit while the House is sitting. I would ask someone to move that.

Mr. McILRAITH: Just before you make that request, if I understand Mr. Harkness' position rightly, that is not your situation; you do not want the power at the moment. Would you prefer the power now?

Mr. HARKNESS: I think we should have the power all right, but the general policy should be not to use it unless it is necessary.

Mr. McCUSKER: I move the committee be given power to sit while the House is sitting at the discretion of the chair.

The CHAIRMAN: That the committee be given power to sit while the House is sitting.

Mr. McILRAITH: You have to get that authority from the House.

Agreed.

The CHAIRMAN: With respect to printing, gentlemen, I haven't the slightest idea and no one could give me any idea what we will require. What I would like is for you to give the chairman a sort of blanket authority in consultation with the clerk, and I will report back to you. We will print what we need.

Mr. MACDONNELL: I move that.

The CHAIRMAN: That the committee be empowered to print blank copies in English and French and that Standing Order 64 be suspended.

Mr. MACDONNELL: Is that the way you are putting it, "blank copies"?

The CHAIRMAN: Until I fill it in.

Mr. McILRAITH: There is another way of putting that—as the members of the committee from time to time decide. That gives you control because you can run into careless expenditure by having a fixed number ordered.

The CHAIRMAN: All right. Such numbers as the members of the committee decide from time to time.

Carried.

Now, we require an agenda committee and a steering committee. How many would you like on that? Suppose you pass a resolution to appoint a steering committee and I will then contact the various groups and ask for their nominees. In the light of their requests, I will appoint a steering committee. Will you give me the names sometime this afternoon because I want to call them together very soon.

Mr. McILRAITH: I wonder before you leave that if it would be helpful for the steering committee to meet as soon as possible so you can get whatever witnesses you want to start with and have them made available for the sitting.

The CHAIRMAN: I suppose the steering committee could meet at 6 o'clock tonight. We could perhaps meet for fifteen or twenty minutes and lay out schedules.

Mr. McILRAITH: That is a bad hour.

The CHAIRMAN: All right, we will have to do it tomorrow.

Mr. McILRAITH: Could we not meet say at 5.30?

The CHAIRMAN: Is that any better?

Mr. McILRAITH: Yes, a lot better.

The CHAIRMAN: All right; the clerk will let you know where.

Now, gentlemen, that completes our organization. I do not suppose there is anything for us to do until we have the steering committee meeting and decide upon a course of action.

Mr. CAMPNEY: Do you not have to deal with the question of a quorum?



The CHAIRMAN: My own feeling is that this is the sort of committee that of itself should be a quorum. I do not think we should have any smaller group, I think we should all be here. We just need fourteen members for a quorum. There are twenty-six, a majority is fourteen. Is that agreeable to the committee?

Agreed.

Mr. McCUSKER: Since this meeting has lasted only fifteen minutes why couldn't you have the steering committee meet this morning?

The CHAIRMAN: You mean at this time?

Mr. McCUSKER: Yes.

The CHAIRMAN: That is a very good idea.

Meeting adjourned.



## EVIDENCE

December 4, 1951

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. First, we have two changes on the committee. Mr. Quelch has been substituted for Mr. Thomas, and Mr. Wright for Mr. Stewart. Secondly, we have the first report of your sub-committee on agenda and procedure, which reads as follows: (see minutes of proceeding).

Mr. MACDONNELL: Mr. Chairman, are you suggesting that all of that detail was arranged at the short talk we had the other day, that all of the officials named be called in this order?

The CHAIRMAN: Yes, that was understood, that we would call them in that order. It was in the steering committee that we arranged for them to be called in that order. That is what I understood. I made the arrangements on that understanding.

It is moved by Mr. MacDougall, that the first report of the steering committee be adopted.

Carried.

We left open at the last meeting the question of the number of copies of our minutes to be printed. It is suggested that there be five hundred printed in English and two hundred printed in French.

Mr. STICK: I move that that motion be adopted.

The CHAIRMAN: Moved by Mr. Stick and seconded.

Carried.

We have with us this morning Mr. Drury.

Mr. MACDOUGALL: Would it be in order at this stage to ask you to read the terms of reference before we start?

The CHAIRMAN: The terms of reference to this committee are as follows:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the House at a later date.

It is intended this morning that Mr. Drury make a statement. He has prepared one. Unfortunately, I could not get it to you any sooner. I did not have one till this morning. I suggest, gentlemen, that we hear out this statement and then question him on it. You can be as long or short as you like, but give everybody an opportunity to question him, please. First, however, let us hear him out on this statement and make your notes while he is reading it, please.



**Mr. C. M. Drury, K.C., C.B.E., D.S.O., E.D., Deputy Minister of National Defence, called:**

The WITNESS: Mr. Chairman, I have a couple of charts at the end of the room and duplicates of it, which I suggest might be issued to the committee. There are two charts in this set.

The purpose of the statement and these charts is to derive some kind of a brief outline of the organization of National Defence and the procedure we follow with a view to providing a framework into which members of the committee can set the particular and precise information which will come at a later time. One chart shows the committee organization and the other the executive organization. I would talk first to the one headed by the minister, with parliamentary assistants shown in the block to the right. The executive organization of the Department of National Defence is shown on this first chart. Under the minister come the various officers and officials charged with executive responsibility. The minister is assisted by two parliamentary assistants, provided for in the National Defence Act. Under him are three service chiefs of staff, the chief of naval staff, chief of general staff, for the army, and the chief of air staff, for the air force, who are, under the National Defence Act, charged with the control and administration of the navy, army and air force, respectively. Also under him is another executive officer appointed by the National Defence Act, the chairman, Defence Research Board, who is charged with responsibility for defence research. The Act also makes provision for a deputy minister, under the minister. The three services are organized on largely parallel lines. The rank of the chief of naval staff is that of vice admiral. Under the chief of naval staff is his principal assistant, the vice chief of naval staff in the rank of rear admiral. Under the chief of general staff is the vice chief of general staff with the equivalent rank of major general. Under the chief of the air staff is his assistant, the vice chief of air staff with the rank of air vice marshal. The functions or responsibilities of these three officers are to consider and provide advice to the chiefs of staff on operational planning, operations, military training and intelligence. In army terms this is what is known as the general staff side, and in the naval and air forces the operations staff.

The next man to consider is the principal personnel officer of each of the services. In the navy it is the chief of naval personnel, of the same rank as the vice chief of naval staff, a rear admiral. In the army he is called the adjutant general, a major general, and in the air force, the air member for personnel in the rank of air vice marshal. These three officers are concerned, in their respective services, with all matters concerning personnel, service appointments, promotions, and so forth.

The next of the three main heads is the equipment or materiel officer. In the navy it is the chief of naval technical services, also in the rank of rear admiral; in the army, the quartermaster general in the rank of major general; and in the air force, the air member for technical services in the rank of air vice marshal. The responsibilities of these officers are similar and cover the entire field of procurement, materiel planning and logistics generally.

In the Defence Research Board there is a somewhat similar organization. There are three main officers under the chairman of the Defence Research Board. They are headed divisions A, B and C. These divisions are by functions in relation to various fields of research, and being civilians they have no military rank. I should point out that the chairman of the Defence Research Board, while a civilian, has the rank, status and precedence equivalent to that of a chief of staff.

On the administrative side, and providing financial advice to the minister, is a deputy minister. His branch is organized by functions to be performed rather than by having separate assistants or experts in relation to each service.

On the supervisory side one is faced with a choice of providing a detailed supervision either by services or by functions. By services I mean the armed forces. We could have one man who concerns himself entirely with the functions of the air force, another with those of the army, and another with those of the navy, or a man who concerns himself with a particular field of activity in each of the three services. We have chosen the functional organization, and there is an assistant deputy minister who concerns himself with financial matters for all three services, or all three forces. The purpose of this is to achieve, as much as possible, a common uniform financial policy for each of the services, and by applying cross checks and cross tests to get a maximum of economy. There is also an assistant deputy minister (requirements). His function is to review and assess all the logistic proposals of the forces. The logistic proposals include the procurement of equipment, the scales of issue of equipment, the introduction of new designs, proposals for new construction and alteration of existing construction, and so forth. There is also an assistant deputy minister (administration and personnel). His function is general review of personnel and administrative matters.

Now, the chart we have been dealing with shows the stream of executive authority. Each of these principal officers that I have mentioned is assisted by, of course, a considerable number of senior and junior officers stemming out in the usual organizational arrangements. In order to achieve common approaches to problems, there are a number of committees which meet at regular intervals to consider and advise on joint problems, and if you turn to the second of these two charts you will see an indication of the committee method of achieving co-ordination. At the top, of course, is the cabinet. Advising the cabinet on defence matters is a cabinet defence committee, and advising the cabinet defence committee on matters of national defence is, among others, the Minister of National Defence. Advising the minister are a number of committees shown here. The first I will mention is the Defence Research Board. It is a board established under the National Defence Act and is composed of the chairman of the Defence Research Board, the vice chairman, the three chiefs of staff of the forces, the deputy minister, the president of the National Research Council, and a number of representatives of universities, industry and science appointed by the Governor in Council. This body provides advice to the minister through the chairman of the defence board, co-ordinated advice on all aspects of defence research. On the operational side is a committee known as the chiefs of staff committee, under the chairmanship of the chairman of chiefs of staff committee, an appointment also provided for under the National Defence Act. The chiefs of staff committee is composed of the chairman, the three chiefs of the armed forces and the chairman of the Defence Research Board. In order, however, to get a maximum of the best advice on any particular problem, the meetings of the chiefs of staff committee are attended by, in addition to regular members, the deputy minister of national defence, the secretary to the cabinet, and the Under Secretary of State for External Affairs. This provides for a continuous review of all operational problems.

On the administrative side is a committee known as defence council, providing advice to the minister on administrative matters. Defence council is a departmental body under the chairmanship of the minister and is composed of the parliamentary assistants to the minister, the deputy minister of national defence, the three chiefs of staff of the forces, and the chairman of the Defence Research Board. Defence council has two principal committees reporting to it, one the personnel members committee, and, secondly, the principal supply officers committee. The personnel members committee examines and considers personnel problems, is composed of the chief of naval personnel, the adjutant



general for the army, and the air member for personnel of the air force, a representative of the deputy minister, and in attendance, a representative of the chairman of the Defence Research Board. The principal supply officers committee, which is concerned with logistic problems, is composed of the chief of naval technical services, the quartermaster general, the air member for technical services, a representative of the deputy minister, and assisting or in attendance a representative of the chairman of the Defence Research Board. The chairmanship of these two committees is held by one of the principal supply officers of one of the three forces on a rotational basis. Each force takes the chair for a year.

That, in outline, are the principal elements of the machinery for achieving co-ordinated review of our problems. Needless to say, under each of these main committees there are a considerable number of subcommittees which examine the detailed aspects of particular questions.

Mr. Chairman, if I might go on with the prepared statement now I will deal with some of the procedures that are followed in the control of expenditures, I would suggest I might read, beginning on page 4 with the item headed "estimates".

### *Estimates*

The estimates, when approved by Parliament, provide the financial plan for the department for the fiscal year. They comprise the authorized expenditures to be made during the fiscal year and the authorized commitments to be incurred in the placement of contracts that will come due for payment in a future fiscal year. The sum total results from a costing of the manpower and material requirements to implement the defence program. They are assembled in the first instance for each service by its budget officer based on information supplied by the branches of the Service responsible for the various parts of the plan. They are reviewed by each chief of staff, and subsequently by the deputy minister and then by the minister in consultation with these officers. During these various stages they are examined by officials of the deputy minister's branch and treasury officials. Officials of the Department of Defence Production are also consulted with respect to supply items. The costed program is then examined by the cabinet defence committee and the cabinet, when any outstanding questions of policy are settled. The details are finally reviewed by the Treasury Board. Any changes in the detailed estimates as approved that may be required in the course of the year are subject to the same kind of examination and review. These estimates become the basis of treasury appropriation. Accounting and issues of moneys are governed by the provisions of the Consolidated Revenue and Audit Act.

### *Pay and Allowances*

Under the National Defence Act the Governor in Council authorizes rates of pay and allowances for the forces. In 1946, a review was made of the pay and allowances of all three services by a committee which was directed to report to the Treasury Board on methods of simplifying the pay structure, of obtaining uniform rates of pay and allowances for the three services and rates that would provide servicemen with remuneration that compared fairly with earnings in equivalent civilian occupations. As a result of this committee's report, rates were established for servicemen in which the basic elements are pay for rank, trades pay for trade qualifications, subsistence allowance where quarters and rations are not provided by the service, marriage allowance and separated family allowance, where the serviceman, because of service requirements, is separated from his family.

For comparison with civil earnings, pay, including trades pay, subsistence allowance and the estimated value of personal clothing and medical and hospitalization services, is used. Marriage allowance is provided as an extra compensation for the expense and inconvenience occasioned the married serviceman and his family by the moves that are a part of service life.

Since October 1946 the rates have been reviewed periodically and revised upwards in 1947, in 1948 and in 1950 in accordance with increased civilian earnings.

There are also various additional rates of pay and allowances for special purposes. These include risk pay for aircrew, submarine duty and parachute jumping, and foreign service allowances for officers and men serving abroad.

These rates are under constant review by the service officers responsible, coordinated by the personnel members committee. Under this committee's direction, subcommittees coordinate inter-service examination of trades pay, pay regulations and various other personnel matters.

Pay is issued twice monthly and changes in entitlement are authorized in daily orders issued by each service and recorded in the pay accounts. Each service maintains its own pay accounts. Control is accomplished in each service by the maintenance of independently developed control ledger accounts against which the accounts maintained in the field are compared. In addition, internal audits are conducted by the services and also by the deputy minister's auditors.

When travelling on duty, service personnel are paid per diem travelling allowances except on rare occasions where the duty is such that these are not suitable and, in these cases, actual expenses are paid. The rates of travelling allowances are authorized by the Governor in Council and, where actual expenses are paid, authority of the Governor in Council must be obtained for this arrangement. Special rates for military travel on railways in Canada are authorized by the Governor in Council under section 351 of the Railway Act. Reimbursement expenses of moving dependents from one place of duty to another, as well as furniture and household effects, are authorized under regulations approved by the Governor in Council. Per diem travelling allowances are applied to these moves also.

### *Establishments*

Within the total manpower figures for the authorized defence program, the minister, subject to the concurrence of the Minister of Finance, approves the number of officers and servicemen in each rank and trade group. A review of establishment requirements is made annually for this purpose. Within the approved framework, each service determines the distribution of personnel within its various units. Each service has an establishment or complement committee which examines and approves unit establishments within authorized ceilings. Officials of the deputy minister's staff participate in these examinations as well as officials of the Civil Service Commission where civilian employees are concerned.

### *Civilian Employees*

These, broadly speaking, are divided into three categories; civil servants, prevailing rate employees and casual labour. The former are employed in accordance with procedure laid down under the Civil Service Act and regulations. Positions and salary rates are approved by the Treasury Board. The prevailing rates staff and casuals are paid at rates established by the Treasury Board on the recommendations of the Department of Labour. The conditions of employment of these prevailing rate staff are governed by general regulations laid down by the Governor in Council.



### *Materiel Requirements*

The user service or user force is responsible for furnishing detailed specifications for items to be acquired. Specifications or standards common to the three services have been developed for most items in common use. The kind and quantity of materiel required is developed by service officers and after requisite review by the deputy minister and the minister, recorded in equipment tables and scales of issue. Common user items are screened by the principal supply officers committee with the object of achieving uniformity and economy.

Procurement of stores or equipment is initiated by each force. Proposals for procurement are reviewed by the deputy minister. If the estimated cost of the stores or equipment to be procured exceeds \$50,000 the specific authorization of the minister must be obtained. Where procurement is authorized, contract demands are passed to the Minister of Defence Production. Each contract demand must be certified by an officer of the Comptroller of the Treasury as to availability of funds. These certificates are issued against commitment authorizations as provided in the defence vote, and while the total amounts covered by such certificates may exceed the amount of cash appropriated for the fiscal year, they are limited by the commitment authorization granted. Within financial limits authorized by the deputy minister, senior officers in the commands are authorized to raise contract demands on the local officer of the Department of Defence Production to procure local requirements. To meet emergencies, senior officers in commands are also authorized to procure directly from the trade within limits set by the deputy minister, and approved by the Department of Defence Production.

When the Minister of Defence Production has made appropriate arrangements to procure by purchase, manufacture or otherwise, the items requested, a copy of the acceptance of tender of contract entered into is sent to the Chief Treasury Officer of the Department of National Defence, the Controller General of Inspection Services and the department itself for record purposes. Where the contract provides for progress payments, the progress accounts are audited by an officer of the Comptroller of the Treasury before payment is made. No stores, supplies or equipment are accepted by the department which have not been inspected and found to be satisfactory.

When stores, supplies, or equipment are received by the services, they are immediately taken on charge by the appropriate service authorities and invoices are duly certified by the receiving officer that the goods have been received, are in accordance with the contract and have been taken on charge. In the case of services rendered, the certificate must indicate that these have been completed satisfactorily to the amount claimed. The certified invoices thereafter are passed to the Treasury Officer who satisfies himself that they are in order and makes the actual payment.

### *Construction and Acquisition of Property*

Plans and specifications for construction are provided, as in the case of equipment and stores, by the user services. The design and engineering work may be undertaken either by the services themselves or by contract. Common user items are examined by the joint services accommodation committee with the object of achieving uniformity and economy. The construction programs are examined in detail by the deputy minister's staff and also by the Treasury Board before approval. The procedure relating to requisitions, contract demands and financial encumbrances is similar to that described for the procurement of stores and equipment. Contracts are placed by Defence Production Limited acting for the Minister of Defence Production. The right of inspection of all work arranged by Defence Production Limited rests with service engineers but supervision is carried out by Defence Production Limited.

Contracts for the construction of married quarters for servicemen follow a similar procedure except that they are arranged directly by Central Mortgage and Housing Corporation on request of the Department of National Defence. Minor construction may be carried out directly by service engineers or by contracts placed by the Department of Defence Production. Officers Commanding are authorized to approve locally urgent limited maintenance projects falling within the approved framework of maintenance plans.

In the case of aerodrome development, the Department of Transport undertakes the placing and supervision of this type of construction for the Department of National Defence on requisition and supply of funds for the purpose from defence appropriations.

When property is to be acquired, an evaluation based on survey is made by independent authorities in order to verify that the price proposed is fair and reasonable. The Department of Transport frequently acts as agent for the Department of National Defence in the acquisition of land. In some cases, small areas are handled through the agency of the Director, Veterans Land Act, who either obtains options or provides the Department of National Defence with valuations. Properties in urban municipalities are acquired either through the Department of Public Works acting as agent for the Department of National Defence or directly by National Defence following appraisal by real estate authorities. When independent realtors are employed to provide valuations or negotiate purchase options, they are paid the regular fee established for these services. In all cases, approval of the Governor in Council is obtained and final settlement is arranged through an agent appointed by the Department of Justice.

#### *Utilities*

Provision of utilities is arranged either as an element of the construction contract covering the building for which the utilities are needed, or through supply by municipal or private utilities. When the services are obtained from municipal or commercial sources, the department pays the standard tariffs or special rates that may be negotiated.

#### *Printing and Stationery*

All printing and stationery required by the Department of National Defence is procured through the King's Printer. Requisitions covering requirements, approved by the deputy minister or an official approved by him to act on his behalf, are made to the King's Printer, certified as to funds available by the chief treasury officer. These requisitions are forwarded to the Director General of Office Economies Control in the Department of Finance for approval before reaching the King's Printer for procurement. Invoices for payment are checked by the King's Printer and passed to the Chief Treasury Officer of the Department of National Defence for payment.

#### *Other Expenditures*

It would take a great deal of time indeed to attempt to cover all of the varied expenditures of National Defence in a general statement of this kind. There are many items of expenditure such as fees for course, damage claims, professional fees, grants to military associations which are provided for in estimates on the basis of past experience and adjusted to forecast needs. Expenditures are controlled by regulations established by the Governor in Council or by the specific approval of the Governor in Council.

There is one other type of expenditure that perhaps should be mentioned arising out of the supply of Canadian forces overseas through the logistic facilities of other nations. Where satisfactory agreements can be made, payment for these supplies is arranged on the basis of capitation rates. This is



the system used during the last war. Under such an arrangement, costs are estimated on a man-day basis and after agreement by both governments concerned, payment for the supplies received is settled in accordance with these rates. This procedure eliminates the necessity of operational units keeping detailed accounts for settlement on an actuals basis.

*Expenditures for Supplies and Services Provided Members of the  
North Atlantic Treaty Organization*

The Defence Appropriation Act, 1950, appropriated funds for the purpose of providing members of the North Atlantic Treaty Organization with equipment, supplies and services. Transactions on this account can be classified into three categories:—

- (a) Transfer of equipment from existing stocks;
- (b) Training of pilots and navigators for members of the North Atlantic Treaty Organization;
- (c) Transfer of equipment from new production in Canada.

All transfers of equipment and allocations of training vacancies have been made on the basis of recommendations of the Standing Group. With respect to the transfer of equipment from existing stocks the Appropriation Act provides that the estimated present value of the equipment or supplies shall be charged to the appropriations and a corresponding amount shall be paid into a special account in the Consolidated Revenue Fund which may be used at any time, subject to the approval of the Governor in Council, to purchase equipment and supplies for the naval, army or air services of the Canadian Forces. Equipment transferred has been valued at the estimated cost of similar equipment to replace it. Valuations established for a particular item are used for all subsequent transfers.

This outline of the organization of National Defence headquarters and the procedures followed in achieving control of expenditures will, I would hope, when supplemented by the remarks of representatives of the other government departments concerned, enable the committee to have a general picture of the machinery used in relation to defence expenditures.

Mr. MACDONNELL: There is one question.

The CHAIRMAN: Just one moment, Mr. Macdonnell.

The WITNESS: I regret to say I omitted one very important function in dealing with the first chart. Under the heading "Deputy Minister", on the righthand side of the little boxes are shown the inspection services headed by a controller general of inspection services. This is a body which provides for the inspection, as to quality and conformity with specifications, of all the equipment procured by the department, and their approval is a condition prerequisite to acceptance and payment.

Mr. MACDONNELL: Mr. Chairman, there is one question that arises. There, no doubt, will be many more, but the one that occurs to me immediately is suggested by page 7 (of the witness' prepared statement) and it is a question of how far the practice of calling for tenders is followed. I realize that there has been some special legislation in the matter and I realize also that there may be special cases where tenders are not suitable. However, I would like to find out what the practice is. While I am asking that question let me raise another one. At the beginning of the paragraph (of the prepared statement)—"if the estimated cost of the stores or equipment to be procured exceeds \$50,000 the specific authorization of the minister must be obtained."

I am just wondering if the army, being as it is, would not find it possible to make the amount of stores or equipment required just a little less than \$50,000 and then perhaps add another \$50,000 and another \$50,000. I would just like to know exactly how much, or in how many cases the figure is below



\$50,000 and how much is approved by the minister? The other question, and more important to me, is the question of tendering. If I read this page correctly, we are getting further and further away from the salutary check of tenders.

The CHAIRMAN: Mr. Macdonnell, please let us have comments at a later stage. Put the question to the witness now.

The WITNESS: Mr. Chairman, in response to the first question I would think this could be more properly answered by the Department of Defence Production. We let no contracts and call for no tenders.

*By Mr. MacDonnell:*

Q. Well, I do not want to press it if Mr. Drury does not want to answer?—

A. It would seem to me a little inappropriate to talk to that portion.

Q. May we have the answer from the Defence Production officials.

The CHAIRMAN: From that question there will arise other questions so perhaps you could save that point for later.

Mr. MACDONNELL: Well, on the question of the \$50,000 I would think that Mr. Drury would be very familiar with it.

The CHAIRMAN: So would you, as an old army officer!

Mr. MACDONNELL: I was only small stuff.

The WITNESS: In respect of the \$50,000 limit there is always the possibility of those seeking to acquire goods or services breaking down what is in effect one item into a number of small ones. It is something which both the quartermaster General and the Chief of Naval Technical Services and the Air Member for Technical Services endeavour to prevent.

*By Mr. Macdonnell:*

Q. You have put your finger on it. What is an item? That is what I am not clear about?—A. We would regard an item as anything which is a whole in itself. Now, to take an example: shoes come in pairs and it would not be possible to buy shoes one at a time in order to get below the limit. Nor could you buy half a tank.

The possibilities, perhaps, for this type of breakdown would occur more in repair or maintenance projects where it would be possible to divide up, for example this room, when either refurnishing or redecorating it; to divide it into a number of separate items. Now, if those were to come forward in this way, those charged with review would regard the changing of this room as an item—and not look at the provision of straight backed chairs as one item, the provision of arm chairs as one item, and the changing of the panelling as another. The alteration of the room would be regarded as a single item and a single project.

Q. Could Mr. Drury hazard an estimate as to how much stores and equipment come in under the \$50,000 and how much are over the \$50,000?—A. I would hesitate to hazard any kind of a guess at all, Mr. Macdonnell, but it is a very small proportion.

Q. In which item?—A. In the total of expenditures.

The CHAIRMAN: The under or the over?

*By Mr. Macdonnell:*

Q. Under \$50,000?—A. Under \$50,000 is very small.

In addition to that I may say there are occasions, perhaps, when an item has to be procured costing approximately \$50,000. There might be a temptation to estimate its cost at \$45,000 rather than at \$55,000 in order to require less formal approval. However, it is a rule that if it is estimated at \$45,000,

approved for acquisition, and passed to Defence Production or to whoever it may have to go for action, and the revised estimate or the actual tender comes to more than \$50,000, approval of the minister must be obtained before final action is taken.

Q. Just one more question and I hope I am not taking up too much time. I was interested in the description we were given by the deputy minister of the sort of super personnel committee which I understand consists of army personnel, the chief of the navy and of the air force. I was interested in knowing what kind of personnel such a committee would be concerned with. I quite understand that you have some person in charge for the army, but I was wondering what types of persons this super committee chooses? Is it for the purpose of making senior appointments?—A. The responsibility for taking any action does not reside in any of these committees. Each or any one of these committees is merely an advisory board. The responsibility for taking effective or executive action must reside in one man. The purpose of the committee is merely to effect a general review and discussion of common problems with a view to getting a joint or common approach to them. The actual solution of those problems must be effected by the individual service officer.

Now, in the case of army personnel matters, they go to the Adjutant General, acting under the Chief of the General Staff. All army appointments are made by the Chief of the General Staff on the recommendations of the Adjutant General, and in certain instances they must have the concurrence of the minister. Actually, the appointments of the chiefs of staff are by order in council.

*By Mr. Stick:*

Q. Mr. Chairman, I would like to refer to page 4 and page 5 (of prepared statement—pay and allowances. Would it be possible, Mr. Drury, to have a table showing the rates of pay for all ranks in the different services—so as to have a sort of ready reckoner to which we may refer?—A. I can produce it.

Q. You have the pay and allowances of the different ranks. We may have to refer to them at some time and if we had such a ready reference tabled it would help?—A. We will have that for you.

*By Mr. Churchill:*

Q. In connection with that, would you include also the additional rates of pay shown or mentioned on page 5 where you speak of risk pay for air crew, submarine duty, or parachute jumping?—A. It will include risk pay for air crew, submarine duty, and parachute jumping where applicable.

Q. In connection with the second paragraph (on page 5 of prepared statement) would you also explain what you mean by foreign service allowances?—A. There are two types of foreign service allowances granted to officers and men serving abroad. One type of allowance paid to men serving abroad is paid to those who are serving with organized units. Another service allowance is related to the types of allowances provided to officers of the Department of External Affairs and the Department of Trade and Commerce, and others serving abroad—paid to officers and men serving abroad not with formed units but rather in individual status. The allowances payable in the latter class are somewhat complex and vary of course, from place to place.

MR. MACDONNELL: We used to be told in the artillery that the infantry was the most risky place. Does this mean that the risk has largely been taken out of the infantry? There does not seem to be any risk pay for the infantry?

THE WITNESS: There is at the moment, Mr. Chairman, no risk pay for infantry—other than parachutists, who are of course in the main infantry.

Mr. STICK: I have another question I want to ask about on page 10, arising out of "other expenditures"—payments made to foreign governments for Canadian forces overseas.

I understand there is some frozen money over there, owed to us by some of those governments. Would it be possible, instead of sending Canadian dollars over there, to use some of those frozen funds?

The CHAIRMAN: Mr. Stick, if you do not mind, we are going to have someone from the Treasury Board here and you could ask that at that time.

Mr. STICK: Or an officer of External Affairs would probably know that.

The CHAIRMAN: Mr. Bryce will know.

*By Mr. Stick:*

Q. I am just asking questions and if I cannot get answers, all right.—  
A. I think this might more properly come from Treasury than National Defence.

Q. We will tackle them when they come.

*By Mr. Henderson:*

Q. With reference to page 9 (prepared brief), is there any municipality in Canada with which the department shares the cost of construction?—  
A. There are some.

Q. Will you tell me what they are?—A. I cannot provide you with that at the moment.

Mr. JAMES: Mr. Chairman, I think it would be a good idea in order to have more orderly discussion, if we started at the front and went through this. I do not suggest limiting the discussion, but I think it might be more orderly.

The CHAIRMAN: Well, we are waiting for people to ask questions. We have had a couple now but anyone who wants to question can start wherever he wishes.

*By Mr. Wright:*

Q. On page 8, (prepared brief) you say "Plans and specifications for construction are provided, as in the case of equipment and stores, by the user services. The design and engineering work may be undertaken either by the services themselves or by contract."

Can Mr. Drury give us any idea as to the percentage of work that is undertaken by the services themselves as compared with the amount that is performed by way of contracts?—A. The percentage, Mr. Chairman, will vary from time to time. With a large construction program and with few service engineers available for design work, the percentage done by contract will be higher. As, however, design work tends to get finished, and as we get service engineers, more in numbers and more in skill, the percentage of that work done by service engineers will increase.

Q. It seems to me that would be a place where savings might be made—by using the services themselves to provide certain facilities rather than by letting too many contracts. I do not know how feasible that is but to the layman it would appear that there might be savings made in that direction?—  
A. We do the maximum of design work possible by service engineers—the greatest possible load they can carry. However currently there is quite a shortage of engineers whose services might be made available to us in the country. The armed forces are doing their best to attract additional ones. Within the limits of the greatest number they are able to attract we do the maximum of design work which we can.



Q. Further, on page 8 (prepared brief) it states: "The right of inspection of all work arranged by Defence Production Limited rests with service engineers but supervision is carried out by Defence Production Limited."

Just to what extend is there duplication of inspection service as between Defence Production Limited and the services themselves? I have heard rumours that there is duplication but I have no specific instances to quote. Is there duplication of inspection services as between the services themselves and Defence Production Limited?—A. They are really different function. Supervision of the contracts, as I understand it, involves overseeing of a type to ensure that the work is economically and expeditiously carried out. Inspection is quality control. To go from the field of construction to the field of manufacture, when a contract is let to a firm to produce boots, the supervision of the production operation remains in the hands of the contractor producing the boots. However, the Department of National Defence, as the user of those boots, puts in inspectors of its own—who are not supervisors at all. They are inspectors to ensure quality control—that all boots manufactured are up to a standard of manufacture in accordance with specifications. It is the same in the construction field. The general supervision of the contract or to ensure that he is doing the job that he has undertaken to do is carried out by Defence Production Limited, whereas the actual quality control is done by National Defence.

*By Mr. Wright:*

Q. In the case, for instance of boots would your inspectors inspect the leather before it is made into boots, or would your department simply inspect the boots after they were completed. Just where does your inspection start in an operation like that? And the same thing in construction? Does your department inspect the material that enters into the construction or only the finished construction after it is completed —A. It varies from operation to operation. In the case of construction inspection includes some inspection of materials before they are actually incorporated in the construction.

Q. Is that always the case?—A. It should be the case.

Mr. BALCOM: That inspection service corresponds with what was known in the last war as the United Kingdom and Canadian Inspection Board?

The WITNESS: The inspection service is the successor to the United Kingdom and Canadian Inspection Board.

*By Mr. Stick:*

Q. Would that not be covered in the contract? When you let the contract you called for certain specifications on quality of goods to be manufactured? If the contractor does not carry out his contract in accordance with the specifications laid down, then he is out of luck. You do not need an inspection at the beginning. When you get the manufactured article you can tell whether the proper type of leather was used. When you let a contract for boots you call for a certain type of leather and it is up to the contractor to supply that?—A. Well, in so far as externals, apparent externals, are concerned that is satisfactory; but where items or materials built in to the final article are not visible it is not very satisfactory. One would have to destroy a number of articles purchased in order to determine that there have not been any things done wrong within, for instance, the boot. If they are to provide a steel shank of a certain quality the only way you can determine that in the finished boot is to break the boot apart. In order to make an adequate test we would have to break a considerable number of boots—all of which would be thrown away. It seems better to look at the steel shanks before they go into the boot.

Mr. GEORGE: I would like to ask a couple of questions. Many contracts are being let now and it says that the contractors are to determine the cost. I have had some complaints from contractors that they are spending an awful lot of money making up estimates of costs. That of course is the job of Defence Production, but really my question is why these estimates of costs are not made by army engineers instead of contractors? That applies particularly to air force hangars and camps not in use and which need reconstruction or repairs.

The WITNESS: As I pointed out earlier we have now, unfortunately, a limited number of engineers available to do this kind of work and if we can get part of this load taken by outside industry we endeavour to do so.

Mr. STICK: To reduce your cost?

The WITNESS: To reduce our cost.

Mr. McCUSKER: Is it not the case that when you are calling for tenders you cannot tell the fellow that it is expected to cost so much. He has got to tell you how much it will cost.

Mr. GEORGE: But that was not my question.

The CHAIRMAN: No, but go ahead, Mr. Drury.

The WITNESS: In addition, this method generally provides a more accurate estimate than we are perhaps likely to get from a service engineer. The man who has been doing this kind of work can provide a better estimate than the service engineer who has not actually carried it out.

Mr. McCUSKER: Might I speak to the question Mr. Wright brought up a moment ago. I think we are missing the point when we ask that service engineers should be used on construction. Do we not enlist these engineers into the army to have them in case of war. We have to send engineers to Korea and to England, and they must be given military training just as much as any other people. They have their different demolitions and so on to carry out—the things which come under engineer services in wartime. Therefore, we cannot turn them into engineers for this—why should we turn them into a building corps?

The CHAIRMAN: Well, Doctor, just limit your remarks now to a question. I have no doubt your statement is pertinent and you are talking from experience.

*By Mr. Quelch:*

Q. Mr. Chairman, on page 5, paragraph 2 (of the prepared statement) it says:—

For comparison with civil earnings, pay, including trades pay, subsistence allowance and the estimated value of personal clothing and medical and hospitalization services is used.

Is that comparison made as of any set date or are adjustments made from time to time to keep pace with the increased pay of civilians?—A. Whenever a review of pay and allowances is made we try and obtain the latest current figures for comparable civilian earnings.

Q. Generally speaking there would be a lag?—A. Generally speaking, there would be a lag, yes.

Mr. STICK: I hope we are not going to get into the cost of living.

The CHAIRMAN: Mr. Wright.



*By Mr. Wright:*

Q. On page 10 (prepared brief) you say:—

Expenditures for supplies and services provided members of the North Atlantic Treaty Organisation.

And, under (b)—

Training of pilots and navigators for members of the North Atlantic Treaty Organisation.

Can the deputy minister give us any idea of the costs of training these other members of the NATO organization in Canada, or has that been broken down? What is charged back to them for training in Canada?—A. Nothing is charged back. No disbursements or expenditures we incur are charged back to the other members of the North Atlantic Treaty countries.

Q. This training is a free service to other members of the NATO organization?—A. That is correct.

Q. Have you any breakdown as to the costs of training?—A. I have not here, but I can procure it.

Q. I would like to have a breakdown.

Mr. MACDOUGALL: On page 6 (prepared brief), in the second paragraph this statement says:

When travelling on duty, service personnel are paid per diem travelling allowances except on rare occasions where the duty is such that these are not suitable . . .

Who is not suitable, or what is not suitable?—A. I apologize for the grammar, but "these allowances are not suitable".

*By Mr. Cavers:*

Q. In what cases would it not be suitable to do that?—A. It is not entirely suitable to pay a per diem allowance, which is based on the average cost of travelling within Canada, when travelling in foreign countries—some of which are very high cost countries. The costs do not fit these per diem rates we have and, those are the instances in which actual expenses are paid.

Q. Well, in that instance, what check have you on relationship of the expenses that are submitted with the rate in that particular country?—A. Well, a man who is claiming for actual expenses has to produce an itemized account. There is very little travel done in any country in which we have not a foreign mission, who keep the Department of External Affairs here and the Treasury provided with a general idea at least of scales of costs, and the itemized account will be placed against, or tested against, this general scale of costs.

*By Mr. MacDougall:*

Q. In the penultimate paragraph (prepared brief) on page 7, fourth line from the bottom, and I quote:

To meet emergencies, senior officers in commands are also authorized to procure directly from the trade within limits set by the deputy minister, and approved by the the Department of Defence Production.

Now, just what does the word "limits" signify? What jurisdiction is meant by that, wide or narrow?—A. Narrow.

*By Mr. Jones:*

Q. Under the subheading (a) (page 10 of the prepared statement)—transfer of equipment from existing stocks—could we have that broken down as to whether it was a gift, a sale or a loan, and to what countries?—A. I have not got it, but I can easily provide information on the transfer of equipment

from existing stocks. That refers to the transfers which have been made from time to time, and announced by the minister, of the armament and ammunition for one division to The Netherlands, for one division to Belgium, and one division to Italy, some 25-pounder guns to Luxembourg, some anti-aircraft guns, those are the main items.

Q. Could we have that information?—A. I will have that produced.

Mr. MACDONNELL: Can you state that information in terms of divisions? How much equipment have we sent? We have equipped how many divisions in Europe?

The WITNESS: We have provided the armament and ammunition for three divisions.

Mr. WRIGHT: When you speak of ammunition, you speak of ammunition for what period or what amounts of ammunition?

The WITNESS: What is known as first and second line in the army, and this is the ammunition normally carried in the first and second line transports of the formation using a particular type of gun. The numbers of rounds vary with the equipment.

*By The Chairman:*

Q. Would you just elaborate once more on Mr. Macdonnell's question? You have told him that we have provided equipment for three divisions in Europe. Is that correct?—A. Yes, armament and ammunition.

Q. Will you name the countries?—A. The Netherlands, Belgium and Italy.

Mr. MACDONNELL: How do those divisions compare in size with our own, roughly, do you know that?

The WITNESS: I do not know that offhand.

Mr. STICK: Do you base it on a Canadian division or the numbers contained in a division in those countries?

The WITNESS: We base it on the British war establishment of a division.

*By Mr. MacDonnell:*

Q. When you say "armament", does that mean virtually everything except uniforms and living accommodation, and so on?—A. No, Mr. Macdonnell, it does not include motor transport. It does not include medical equipment. It does not include wireless. Armament is, roughly speaking, the fighting weapons.

Q. Of the infantry soldier?—A. The infantry, the artillery, all the fire power.

Mr. WRIGHT: Does that include tanks?

The WITNESS: A British division has no tanks in it, so it does not include tanks.

The CHAIRMAN: Mr. Hunter, have you a question?

Mr. HUNTER: My question has been answered.

*By Mr. Quelch:*

Q. In connection with our troops in Europe under NATO, do we make any payments directly for the acquirement of property, or are all those payments made directly by the NATO organization?—A. As Mr. Claxton pointed out yesterday, we have not yet concluded any arrangements as to tenure of property nor how necessary acquisition of property is to be financed.

Q. In the meantime, the housing that we are using—are we paying for that?—A. We are at the present moment in Germany occupying barracks at Hanover lent to us by the United Kingdom.



Mr. CHURCHILL: In connection with this section on page 10 that we are discussing, which is one of supply for NATO, could we have a little information on the significance of that? Could we have the total amount of funds appropriated, with the breakdown under the three categories listed there?

The WITNESS: I will have that produced.

Mr. WRIGHT: Could we have the present members of the Defence Research Board listed, as to what universities and what organizations they belong to?

The WITNESS: I have not got that here, unfortunately, but I will also have produced for you, the composition of the Defence Research Board.

The CHAIRMAN: When Mr. Drury was giving his evidence it occurred to me that we should have had some names on the chart at the same time. It might have been very useful to us. I do not know whether that occurred to the committee or not. For instance, the name of the vice chief of naval staff, I know his name, but I do not know who the assistant chief of the naval staff is. Perhaps that information will be useful; if the committee desires it, we could have it on record.

Mr. McILRAITH: I think it would be very useful to have it on record. Several of these might appear as witnesses and it would be most useful to have that information at this stage.

Mr. MACDONNELL: I suppose I should not ask who the members of the cabinet defence committee are.

The CHAIRMAN: Then Mr. Drury will give us the names of the persons under the various headings on both charts, the chart headed by the minister and chart No. 2.

Mr. MACDONNELL: Are you not going to give the names of the members of the cabinet defence committee?

The CHAIRMAN: I would like to know myself.

Mr. MACDONNELL: Is it a matter of security?

Mr. McCUSKER: Could we not return these charts and have the names put on opposite the positions? The names could be lettered in white on these charts before our next meeting.

The WITNESS: I am not sure what the mechanics of this is.

The CHAIRMAN: Could you possibly produce a table that we could put on the record showing their titles and their names.

The WITNESS: If that will be convenient I could produce a typewritten list showing who the chief of staff is and who his principal officers are, etc.

*By Mr. MacDougall:*

Q. In this chart headed the Organization of the Department of National Defence, you went down to the position of deputy minister and you went over the various ones under the deputy minister, and unless I missed hearing correctly, I think you omitted this laddie who is in the real estate advisory business. Now, he is a civilian, is he not?—A. He is a civilian.

Q. And you may have in your department many of such characters throughout the Dominion of Canada for local appraisal valuations of real estate.—A. The Department of National Defence has not in its direct continuous employ anyone outside of Ottawa reporting to the real estate advisor.

Q. Well, if you were going to acquire property, for instance, in Vancouver, I do not imagine that the real estate advisor here in Ottawa would know very much about appraisals in Vancouver, so it could be that for the purpose of securing appraisals of real estate in Vancouver you would use a Vancouver man?—A. That is correct. It may be someone in private life, in the real estate

business in Vancouver, or in some other government department. The Department of Veterans Affairs have people in the land business in the Vancouver area, to have the Department of Transport and so have the Department of Public Works, and in the ordinary course of events we would proceed through a government agency if this was desirable.

*By Mr. Macdonnell:*

Q. A government agency to buy for you or just to advise you?—A. Generally speaking, Mr. Macdonnell, to buy, to act as our agent in acquiring.

Q. Does that not tend to put prices up? I mean, as soon as a government agent begins to negotiate, to my mind it would be making it more difficult.—A. In some instances we have felt that this would be the case and, consequently, have operated through a private real estate agent acting for an anonymous principal.

Q. Do you think it would always be the case?—A. They tell me it is not always so.

Mr. CAMPNEY: Does not the threat of expropriation act as a check in some cases?

The WITNESS: I think we have found it safe to say generally that we are prepared to offer a fair and reasonable price, and if an individual or a group of individuals is endeavouring to make a killing or hold us up, there is always, as Mr. Campney mentioned, the possibility of expropriating if no settlement can be reached. We can take it to the Exchequer Court.

Mr. MACDONNELL: I realize you have an advantage there.

The WITNESS: The taxpayers have an advantage.

*By Hon. Mr. Power:*

Q. What takes the place of what formerly was called the air council, the militia council, and the navy council?—A. There still is a committee within the navy, under the chairmanship of the chief of naval staff, which has no legal responsibility any more, known as the naval board. The responsibilities which at one time were vested in the naval board are now vested, under the new National Defence Act, entirely in the chief of the naval staff. He still, however, continue to make use of the naval board as an advisory body to him. There is also in the air force a committee known as the air members.

Q. Air members air council, it used to be called.—A. I do not think that is called air members air council any more. It is an air body which jointly considers air problems.

Q. Do they make recommendations to the chief of staff?—A. As the chief of the air staff sits on this body, there will be no necessity, I think, for formal recommendations.

Q. And have you a similar set-up of the militia council?—A. There is no formal body at all. However, the chief of the general staff does assemble once or more weekly his principal assistants and follow the same procedure as the chief of naval staff and the chief of air staff with the naval board and the air members respectively.

Q. I take it that this organization had been abolished much in the expectation of better co-ordination between the services. Have you found that this new set-up makes for greater co-ordination?—A. I have not had any personal experience with the earlier dispositions, but we have had a great deal of success with this arrangement in getting co-ordination.

*By Mr. Wright:*

Q. Our terms of reference allow us to examine all expenditures made from March, 1950, I think it was. I suppose there have been barracks constructed



for the air force and army, and also naval barracks. Could you produce figures to show us what the cost of barracks constructions has been since March, 1950. Could you give us the approximate cost per capita for barrack space for men in the army, navy and air force, constructed during the period that our reference covers?—A. I can do that and will produce figures. They will require some elaboration in that the navy traditionally have found more satisfactory a combination of living quarters, eating arrangements and recreational facilities in the one building, whereas the army and the air force, having generally larger units to accommodate, have preferred to have sleeping accommodation in a separate building from messing and recreation.

Q. I do not want my question to cover the housing problem, but rather the barrack construction.—A. Well, the result might be or appear to be that the per capita cost in the navy is very much higher than it is in the air force or the army, in that the building which provides the sleeping accommodation for the naval men also contains the kitchen and messing facilities, and it is difficult to break out from the total cost for a building that operation.

Q. In submitting your figures, could you give a similar coverage for the army and the air force in the messing and recreational facilities?—A. I will try and see that they are made comparable.

Mr. JONES: Would it be possible to give us land properties purchased, too, since March, 1950 in different parts of the country?

The WITNESS: I will do that.

*By Mr. Stick:*

Q. Could you give us the locations of those? Could you give us their locations by provinces?—A. Properties purchased by provinces?

Q. In the different provinces where you have your establishments, could we have it in that way, location by provinces, if you like.—A. I am not sure which it is you want by provinces.

Q. I am going to elaborate on Mr. Wright's request. He wants to know where we have expended the money.

The CHAIRMAN: As I understood, Mr. Jones asked you what land you have acquired. Mr. Stick wants to know where it is located. Now, that is the composite question, aside entirely from barracks.

Mr. CHURCHILL: Would it not be wise to get a complete picture and show land that is leased as well?

Mr. McILRAITH: He used the word "acquired".

The CHAIRMAN: I used the word "acquired", but I did not have in mind leased land. Did you have in mind leased land when you said acquired?

The WITNESS: No, I did not. I was thinking of outright acquisition, but now this will include leases entered into since April 1, 1950.

The CHAIRMAN: I am sure that the committee is aware that all this information won't be available in one morning. We are getting tall orders, but we will fill them all.

*By Mr. George:*

Q. Mr. Drury just said leases entered into since March, 1950. Why not make it leases existing today in addition to that?

The CHAIRMAN: Mr. George, when Mr. Drury gives us the information he will give us all the leases that have been entered into from March 31, 1950 to date.

Mr. GEORGE: If we are asking for the complete picture, let us get it. There are buildings on land not leased today, the leases for which were entered into previous to the date requested. Let us have the whole thing.

The CHAIRMAN: Our terms of reference are very wide, we can go forward and not backward. Existing leases, that will mean since March 31, 1950.

Mr. GEORGE: Yes, but not necessarily incurred since then.

Mr. McILRAITH: Not necessarily entered into.

The CHAIRMAN: That is right. Since March 31, 1950. I misunderstood you. Do you understand the question, Mr. Drury?

The WITNESS: I understand it, Mr. Chairman.

The CHAIRMAN: Any further questions, gentlemen?

Mr. MACDONNELL: Possibly it would save time in the future if I took time now just to indicate the sort of general information we would like to have. First of all, we would like to have a statement showing the budget for the year from March 31, 1950 to March 31, 1951, the budget of expenses and actual expenses; then, from March 31, 1951 we would like to have, month by month, budget expenses, total expenditures.

The WITNESS: If I might just interject, perhaps, Mr. Macdonnell, to get clear in my own mind point by point what you are asking. It is difficult to say there is a month by month budget for expenses in the current year.

Mr. MACDONNELL: Well, then, that is perhaps part of the answer. I have thought that you would have had a budget, say, on the 31st of March, 1951, I would have thought that you would have had a program before you of expenditures over a certain period of six months—if too long, then whatever your period was. Quite frankly, what I want to know is how your performance is living up to your own expectations. I think that would be interesting. It is either living up or it is not, and you will point out reasons to change it.

One other general comment I would like to make, we want to secure information with regard to all the various kinds of equipment—how much is in ordnance, how much is on order, how much has been paid for, how much has been ordered and outstanding.

The CHAIRMAN: Ask the questions for the purpose of the record so they can bring in an answer.

Mr. MACDONNELL: We think as a preliminary to all that we should know what has been the expenditure up to date in Korea. We presume that troops in Korea are all fully equipped. What is the cost of the equipment, of maintenance, of the Korea airlift, and figures with regard to the cost of navy and air transport in that field of operations.

And, then, we would like the cost of training the troops for Korea, including Fort Lewis. And we would like similar figures for the European force. I will not repeat all the details again. And we want similar figures for the active army. Mutatis mutandi there will be certain adjustments. And then we will want similar figures for the reserve army.

We have already had some indication of our obligations for the supply of arms and equipment to Europe. We would like to know how much has been sent, and at what cost, and what commitments have we still, and at what cost. Rather than wait, I intend giving a list of the weapons. Everybody knows what the weapons are, but here is the list: pistol, machine carbine, rifle, light machine gun, medium machine gun, piat bazooka, 2" mortar, 3" mortar; and for the artillery: 25-pounder, 105 mm, 17-pounder (anti-tank), 5-pounder, 40 mm (Bofors), and ammunition for all the above. Equipment for an armoured division: tanks—Sherman, Centurion (in Europe). Navy, (a) commission, (b) under construction, (c) in mothballs. Air Force: type of plane—bomber, fighter, night fighter, transport; armament of night fighter, and any weapons not listed above forming part of the equipment of any of the services. With



regard to each of these, the following information is required: (a) amount in ordnance; (b) amount on order; (c) amount expended to date; and (d) amount committed for.

We have set out the various weapons used by infantry, artillery, and in a very general way that is really the question to date, and I will give that to the reporter to be incorporated in my question.

Mr. MACDOUGALL: The only thing that Mr. Macdonnell is not asking for is the cost of the C.W.A.C.s.

Mr. MACDONNELL: I will leave that to you.

The WITNESS: Mr. Chairman, I just want to make myself clear to Mr. Macdonnell that it is going to be quite difficult to break out the cost of training of the force sent to Korea. Our accounts are not kept that way.

Mr. MACDONNELL: Well, I hope you will find us reasonable.

The WITNESS: It can be done, but it will involve a considerable number of assumptions and estimates, and it will take some time.

Mr. MACDONNELL: Perhaps we can talk about that together and see what is reasonable. We do not want to ask for things just for the sake of asking for them.

The CHAIRMAN: That seems very useful information that the committee should have. I am sure it will be provided. Now, are there any other questions or information that any other member of the committee is interested in, so as to give the deputy minister some kind of warning of what may be expected of him.

Mr. WRIGHT: I would like to know what grants in the way of capital assistance or in the way of equipment have been made to various companies producing equipment for the army, companies such as Canadair.

The CHAIRMAN: You appreciate it is really not a question for Mr. Drury.

Mr. WRIGHT: Probably Defence Production.

The CHAIRMAN: Yes, Defence Production. Are there any more questions for Mr. Drury, gentlemen?

Mr. CHURCHILL: When we are dealing with the equipment shipped over to the allied countries in Europe, are we entitled to the information as to what equipment remains in this country?

Mr. GEORGE: Could we have a copy of the security regulations?

The CHAIRMAN: Mr. Churchill, I am sorry you asked that question. Let it stand for the moment. Do you mind?

I find that we will not be requiring Mr. Armstrong. Mr. Drury has covered the situation pretty thoroughly. I think we will not be requiring Dr. Solandt. The intention for Thursday's meeting is to have Mr. Mackenzie and Mr. Bryce. Mr. Mackenzie may have to bring with him Mr. Lowe, in order to give members of the committee some details on matters of contracts. Mr. Bryce will give you information on the matter of finance control. By that time we should have some of the information that we asked for in the earlier meeting.

Mr. MACDONNELL: Who will give this information of the kind that I have asked for, Mr. Mackenzie or Mr. Bryce?

The CHAIRMAN: You will have a co-ordinated statement. Someone will be available to question on them.

Mr. MACDONNELL: Will we have that information by Thursday?

The CHAIRMAN: You won't get it on Thursday, not this Thursday nor the next Thursday.

Mr. MACDONNELL: I expect the chairman to be co-operative as well as ourselves.

Mr. STICK: I move we adjourn.

The CHAIRMAN: I think we can all say that the information given us this morning has been useful and informative. The next meeting will be on Thursday at the same time.

The committee adjourned.





HOUSE OF COMMONS

Fifth Session—Twenty-first Parliament

1951

(Second Session)

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman—Mr. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, DECEMBER 6, 1951

WITNESSES:

Mr. M. W. Mackenzie, C.M.G., Deputy Minister, Department of Defence Production.

Mr. R. B. Bryce, Assistant Deputy Minister, Department of Finance.

OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1951





# MINUTES OF PROCEEDINGS

THURSDAY, December 6, 1951.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Gauthier (*Portneuf*), George, Henderson, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Quelch, Stick and Wright (21).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Deputy Minister, Mr. T. N. Beaupre, Special Assistant, Mr. G. W. Hunter, Executive Assistant, and Miss Ruth E. Addison, Administrative Assistant.

From the *Department of Finance*: Mr. R. B. Bryce, Assistant Deputy Minister.

From the *Department of National Defence*: Mr. C. M. Drury, Deputy Minister, and A. S. Duncan, Deputy Minister's Secretariat.

The Comptroller of the Treasury, Mr. B. G. McIntyre.

As agreed at the last meeting, Mr. W. M. Mackenzie was called. He read a prepared statement and was questioned.

Copies of his brief (departmental chart attached) were distributed.

He filed with the Clerk for the information of the Committee two departmental documents identified as follows:

1. Manual of Departmental Procedure (Defence Production) for the guidance and instruction of the staff (to December 1, 1951).
2. Book of Standard Forms respecting contracts.

A discussion took place with respect to the tabling of information. It was agreed to follow the procedure in relation thereto decided upon at the first meeting of the Committee.

Mr. R. B. Bryce was then called. He made a brief statement on the role of the Treasury Board and the control of expenditure. He undertook to send copies of his statement for distribution.

Mr. Bryce also undertook to supply the names of those composing the Treasury Board.

A discussion arose as to the date of the next meeting.

After further discussion, Mr. Drew moved "that when the Committee rises this day, it stands adjourned until Friday, December 7, at 11 a.m."

The question being put, it was resolved in the negative.

The Chairman assured Mr. Drew that his request for an early meeting would be taken into consideration by the Sub-committee on Agenda.

At 1.20 o'clock p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,  
Clerk of the Committee.



## EVIDENCE

December, 6, 1951.

11:00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. We have Mr. Mackenzie and Mr. Bryce here, and I would ask you to allow Mr. Mackenzie make his presentation and then questioning will be open to you.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production, called:**

The WITNESS: Mr. Chairman and gentlemen:

The origin of the Department of Defence Production lies in the decision of the government made just before the last war to embark on a policy of civilian procurement of the requirements of the three armed services. That policy has been consistently followed since that time, and now finds its expression in the existence of the Department of Defence Production. It may, however, be well to review briefly the various organizational developments in the carrying out of this policy, in order to clear up any misunderstandings that may exist regarding the relative positions of the new department and the Canadian Commercial Corporation.

It will be remembered that the Department of Munitions and Supply handled the procurement, not only for the Canadian forces, but also for the United Kingdom, the United States, and for other allies to the extent that these countries purchased in Canada. In addition, the Department of Munitions and Supply was responsible for the supervision of the mutual aid program. The Department of Munitions and Supply operated under a combination of the Special Act, which created the department, and the War Measures Act, but the important point is that it operated under special emergency legislation and that to carry out its functions it had extraordinary powers, including those to command production, to determine priorities, and to renegotiate contracts into which it entered. In the early stages, the requirements of other countries in Canada were essentially warlike stores, and were of substantially the same type as the goods being purchased by the Department of Munitions and Supply for the Canadian services. However, as the years passed, procurement in Canada by other countries included more and more goods of a civilian type. It was therefore decided that it was not appropriate to apply the special purchasing procedures that had been developed for the procurement of munitions and general service supplies to transactions which normally would have been handled through commercial channels, with prices and contractual conditions determined by commercial considerations. To meet this situation, it was decided, in January of 1944, to establish a new agency known as the Canadian Export Board to handle procurement of civilian type supplies for other governments. Because of the relation of this trade to the ordinary export trade of the country, this agency was established as a part of the Department of Trade and Commerce. In carrying out the operations of the Canadian Export Board, it became apparent that the contractual relations with the purchasers and the suppliers would be materially simplified if the contracting agency were a crown corporation, capable of contracting in its own name rather than having all transactions direct with the Crown. Accordingly,



in May, 1946, by an Act of parliament, the Canadian Commercial Corporation was brought into being and took over the operations of the Canadian Export Board.

While this agency for foreign procurement of civilian type goods was being built up, the direct procurement activities of the Department of Munitions and Supply were decreasing. The war was over, and it was no longer felt appropriate that purchasing should be carried on under the special emergency powers that had been found necessary during the war. By this time the volume of purchasing through Canadian Commercial Corporation on account of foreign governments had risen to an aggregate greater than the amount of purchasing being done on behalf of the Department of National Defence. A good many of the staff who had been in the Department of Munitions and Supply had by then been transferred to the Canadian Commercial Corporation, and it was apparent that there was no useful purpose to be served by maintaining two procurement agencies. In February, 1947, under appropriate authority, the procurement for the Department of National Defence was taken over by the Minister of Trade and Commerce from the Minister of Reconstruction and Supply (who had by then replaced the Minister of Munitions and Supply), and arrangements were made for the Minister of Trade and Commerce to utilize the Canadian Commercial Corporation as his agent in purchasing the requirements of the Services. It should be noted that, while the Canadian Commercial Corporation acted as a principal in dealings with foreign governments, it acted only as an agent of the Minister in procurement of the requirements of the Canadian Services. It performed as the Minister's agent the same general functions for the Services as had been performed by the Department of Munitions and Supply: namely, the receipt from the Services of details of their requirements, the canvassing of the market to determine the best source of supply, the awarding of the contracts, and the follow-up of deliveries. It did not assume any responsibility for inspection, nor did it pay the suppliers, these two functions being the responsibility of the Department of National Defence. The size of the operation is indicated by the figures for the year ended March 31, 1948, which was the first full year of operation of the Canadian Commercial Corporation. During that year the Corporation handled some 45,000 contracts for the Department of National Defence, having a total value of some \$82 million, compared with purchases on behalf of foreign governments and other agencies amounting to some \$88 million. From that point on, the purchasing on behalf of the Department of National Defence steadily increased: 65,000 contracts for a total of \$145 million in 1949; 84,000 contracts with a value of \$221 million in 1950; and 112,000 contracts to a value of \$676 million in the year ended March 31, 1951. At the same time, the business on behalf of foreign governments and other agencies steadily decreased.

On April 1 of this year the Defence Production Act came into force and provided for the establishment of the Department of Defence Production. In the month or two immediately preceding the 1st of April, 1951, various steps were taken in the Department of Trade and Commerce in anticipation of the coming into force of the Defence Production Act and the setting up of the new Department of government. Included in these arrangements were the steps necessary to provide for the transfer of the bulk of the staff of the Canadian Commercial Corporation to the new department when it was established. It was decided to retain the Canadian Commercial Corporation as an entity, for substantially the purpose for which it had been originally created: namely, to facilitate the carrying out of transactions with other countries. This was really the same function for which War Supplies limited had been incorporated in the Department of Munitions and Supply days. It proved a very successful arrangement. With the creation of a special Department, however, there was no need for a Crown company to act as an agent for the Minister of Defence

Production as it had for the Minister of Trade and Commerce in connection with procurement in Canada of defence requirements. Actually, as the situation stands today, all procurement, whether for Canadian account or the account of other countries, is, in fact, handled by officers of the Department of Defence Production, but to facilitate the contractual arrangements, the transactions with the purchasers outside of Canada are processed through the Canadian Commercial Corporation. Thus, for example, the Bureau of Ordnance of the United States Navy has a contract with the Canadian Commercial Corporation for the supply of naval guns; the Canadian Commercial Corporation looks to the Department of Defence Production for the supply of these guns; and the Department, in turn, has one contract with the Canadian supplier for the aggregate of the United States requirement as well as the Canadian requirement for that particular type of weapon.

#### *Nature of the Program*

Before describing the basic structure and organization of the department, it will probably be well to review briefly the nature of the program for which the Department was established. In introducing the Defence Production Bill in the House, Mr. Howe pointed out that the government was then embarking upon a \$5 billion defence expenditure program, which would be spread over a three-year period. This did not mean, however, that the new Department would make purchases of anything like that amount, for a very substantial part of the total cost was represented by military pay and allowances, Department of National Defence administrative costs, rentals, purchases of land, and various other services which are not dealt with by the Department of Defence Production. Over the three-year period, these expenses were estimated to amount to something over \$1½ billion, which would leave just under \$3½ billion for the purchase of goods and materials by the Department of Defence Production. To this figure would have to be added whatever production was done in Canada for purchase by other governments through the facilities of the Department.

These figures are cited to indicate the approximate proportion of the total defence budget—say 60 to 70 per cent—which could be expected to be spent by the Department of Defence Production. Little purpose could be served by any detailed analysis of the \$3½ billion figure quoted, since the program is continually changing as it develops and, further, the composition of the program, in any event, is not the responsibility of the Department of Defence Production. However, the Committee may be interested, and it may help to get the situation into focus, if I give a rough breakdown of the contracts let by our Department for the first six months of the current fiscal year. These figures, of course, may not be readily comparable to published program figures of the Department of National Defence, since we are concerned with the overall of, say, the textile program of the three Services, and not primarily concerned with the breakdown between the textile requirements of the Army, Navy, and Air Force. Again, when we refer to the field of electronics, we are thinking of all the electronic equipment that has to be procured, whether it will ultimately be incorporated in a stationary structure such as a radar station, in a gun, on a ship, or in an airplane. There is one other rather obvious qualification that I should mention in putting these figures on the record; that is, that the mere dollar volume of a particular program is not necessarily the measure of its complexity. Neither does the mere number of individual contracts tell the story. However, in order to give the Committee some indication of the job we are setting out to do, as background for a description of the general organization of the Department, I may say that in the first six months of this fiscal year the Department has placed orders to the extent of some \$1,100 million. Of this, over a third, or some \$430 million, was



for aircraft. Next in importance is electronics, which represents some \$120 million. Construction has amounted to over \$100 million, as has shipbuilding. Mechanical transport has amounted to some \$80 million. Textiles and clothing including boots and shoes, have amounted to over \$50 million, while ammunition and explosives have amounted to \$60 million, and guns and weapons to some \$50 million. From these rounded figures that I have given totalling about 1 billion dollars it is apparent that the bulk of the program is concentrated in these fields. The balance represents such requirements as fuel, food, barrack-room stores, building supplies, and general supplies.

Another point that should be mentioned at this stage is the element of "insurance" that is included in the program. It is not a program designed solely to produce great quantities of material in short order. That, of necessity, had to be the program when the Department of Munitions and Supply was established, but the program today is concerned with building now for production levels in excess of anything that is included in the present planned procurement. When it becomes necessary to establish special production facilities, the aim is to provide not only for the known requirements but also to arrange so that, with a minimum of further expense, added production can be achieved. The Department, therefore, is concerned with this problem of the development of facilities in the field of specialized equipment for direct use by the Defence Department, as well as for the production of the basic materials entering into that production.

#### *Basic Structure of the Department*

The Department's responsibilities and its authorities are set out in the Defence Production Act. The Act follows, in large measure, the provisions of the Munitions and Supply Act, and was drafted in the light of the experience gained under that Act. The rather different nature of the actual program and the great advantage of being able to set up the new Department in the light of experience of the last war meant that it has been possible to organize the Department of Defence Production on rather simpler lines than was possible in the hectic days of 1939-40 when Munitions and Supply was being brought into existence.

Now, gentlemen, I have a chart of the organization of the department. It may help to follow what I will now say if you will just keep an eye on the chart.

The basic organization of the Department rests on three main branches. There is a Production Branch, which, in general terms, is responsible for the major programs that involve specialized production; a General Purchasing Branch, which is concerned by and large, with those things that can be purchased off the shelf; and a Materials Branch, which concerns itself with the problems of the critical materials required either specially for the defence program or those required partly for defence and partly for general civilian use. That is an over-simplification of the division of responsibility between these three main branches, and one notable exception to the general principles that I have stated is that the whole of the textile program, which is very much of a production problem, is, in fact, handled by the General Purchasing Branch. However, it remains true that, by and large, the General Purchasing Branch, which is responsible for fuel, food, clothing, barrack-room stores, and general supplies, can be generally described as purchasing off the shelf, or at least as purchasing items ordinarily produced in this country, as distinct from the highly specialized production programs of aircraft, ships, ammunition, guns, etc.

You will note on the chart that under the general purchasing branch the breakdown is not as clear-cut. There is a division known as general supply



number 1 and general supply number 2. That is purely for organizational convenience to divide it in two parts. There is no real distinction between the two divisions.

The third major division that I have mentioned is the Materials Branch, but, with minor exceptions, its activities do not involve the expenditure of Crown funds, but rather are of a regulatory nature, such as limitations on distribution and use of critical materials. Some expenditures have been made by this Branch, of which two examples are the development of the Emerald Tungsten Mine and the rehabilitation of the explosives plant of Canadian Arsenals at Valleyfield, but the branches with which this Committee will, I presume, be primarily concerned are the General Purchasing Branch and the Production Branch. If I may, I would suggest that in dealing with the control of expenditures, an attempt be made to consider, on the one hand, the general purchasing which, to a very large extent, can be and is done on the basis of competitive tenders, and, on the other, the specialized programs which involve, in the first place, selection of facilities, and in the second place negotiated contractual arrangements. Here again there is not a clear dividing line on the purchasing techniques and policies between the Production Branch and the General Purchasing Branch, for wherever possible the Production Branch does call tenders and awards business on the basis of competitive bids. Alternatively, the General Purchasing Branch from time to time is involved in allocation of orders and negotiated contractual arrangements. But it remains true that the General Purchasing Branch has more opportunity to follow the desirable course of purchase by competitive tender. To the extent that the Materials Branch is involved, its problems are obviously more akin to those of the Production Branch than the General Purchasing Branch.

The rest of the Departmental organization consists of those Divisions whose functions may be classed as horizontal rather than vertical. There is an Administration Branch, which is responsible for all matters of personnel and general office management, industrial security, and also is responsible for the very important functions of receipt and opening of tenders. The Comptroller's Branch is responsible for all matters of accounting and preparation of financial statements and for the maintenance of what are known as the Central Inventory Records, being the record of all capital assets purchased by the Department and made available to contractors. The Comptroller is also responsible for the operation of the revolving fund, through which the Department is enabled to place pool orders for materials, parts, and components for inclusion in the actual products for delivery to the Department of National Defence. Still a further responsibility is the general control of such warehousing as is necessary of supplies purchased through the revolving fund. The Legal Branch, assisted by a General Counsel on a part-time basis, is, of course, responsible for all legal matters, including the drafting of formal contracts. The responsibility of the Economics and Statistics Branch is just what is implied in its title.

A particularly important function is discharged by the Financial Adviser, you will see up in the left hand corner there, who is responsible for the Contracts Authorization Division. The Financial Adviser concerns himself with the financial implications of the activities of all the various Divisions, with particular reference to the profit margins allowed to contractors, the terms on which Crown-owned facilities are made available to contractors, the implication of patent and royalty payments, and in due course, in such re-negotiation of contracts as may be found necessary. The Contracts Authorization Division represents a system of internal audit, independent of the purchasing and negotiating officers. It reviews all contracts over \$10,000 before the actual orders are placed. It is the responsibility of the officers of

this Division to satisfy themselves from the records that the established procedures of the Department for the calling of tenders and the awarding of the contracts have been complied with and that the terms of the contracts to be awarded are in accord with the general policies that have been established. Purchases representing expenditures not in excess of the limits provided in the Defence Production Act, (i.e., \$25,000.00 or \$50,000.00, where competitive tenders have been obtained and the lowest tender is being accepted) are returned by the Contracts Authorization Division to the appropriate official, who exercises signing authority on behalf of the Minister. Purchases representing expenditures in excess of the aforementioned limits are directed to the Deputy Minister's office for his approval, thence to the Minister, and from there to the Governor in Council. It should be noted that, in accordance with the special provisions of the Defence Production Act, the Minister, or the Deputy Minister on the Minister's behalf, may, and does from time to time, authorize the entry into firm contracts without prior submission to Council. These transactions are, however, subsequently reported to Council.

The Washington Office is treated in the chart differently from the District Offices because of the special responsibilities resting on the Department's senior representatives in Washington. It is necessary for a good many of the individual Branches and Divisions to maintain representatives in Washington, but the Washington representation heads up in the Director of the Washington Office, who also holds the rank of Minister at the Canadian Embassy. The Canadian Commercial Corporation maintains a small staff in Washington, in addition to the appointment of a special officer, a Vice-President of the Corporation whose particular responsibilities are to make known to the various governmental organizations in the United States the facilities in Canada for the production of defence requirements.

It will be noted that two Crown Corporations are shown in the body of the chart—the Canadian Commercial Corporation, to which reference has already been made, and which you will see is included under the General Purchasing Branch and Defence Construction (1951) Limited, which is the Crown corporation established for the purpose of carrying out the defence construction program. These two are integrated closely with the Department, whereas five Crown companies are shown on the organization chart as being associated. These are in the box up at the top left hand corner of the chart. Four of these five are Crown companies which, while reporting to the Minister of Defence Production, are not directly related to the defence production program. These are Crown Assets Disposal Corporation, Eldorado Mining and Refining (1944) Limited and its subsidiary, Northern Transportation (1947) Limited, and Polymer Corporation Limited. The remaining Crown company which is shown as associated is Canadian Arsenals Limited. In this case, the company is shown as associated because its relation to the various branches of the Department is primarily that of any one of the Department's contractors. It has, of course, its ordinary relationships with the Minister and the Deputy Minister, but, for example, it is only one of the contractors responsible for gun production.

You will recognize that there is a division of the production branch called the gun division which is responsible for supervising the whole of the gun production program. Part of that is being produced by the Crown in Canadian Arsenals but parts in other plants. Hence, the Canadian Arsenals is shown in a rather different category.

Similarly in the case of ammunition the Department places orders with many contractors for individual components of the ammunition program, although Canadian Arsenals is, of course, the most important. You will see the two blocks on the right hand side: the Defence Production Board of the



North Atlantic Treaty Organization. There, the Canadian government representative is Mr. H. R. MacMillan and the alternate representative is Mr. R. G. C. Smith who is a permanent officer of the Department of Trade and Commerce on loan to the Department of Defence Production. Then, there is the Canadian Industrial Preparedness Association which acts in an advisory capacity with no executive responsibility in any way.

#### *Staff of the Department*

At October 31, 1951, the total staff of the Department, excluding Crown Companies, was 1,563 persons, of which 1,223 were located in Ottawa and 340 outside of Ottawa. Of the total staff, 205 persons have been appointed under the special provisions of the Defence Production Act, and the balance of 1,358 have either been employed under the regular Civil Service procedure or were transferred to the Department from existing Departments and agencies of government. At March 31, 1951, this is just before the bringing into being the new department, the total strength of the Canadian Commercial Corporation was 665, whereas its present strength is only 38 persons, so that something over 600 persons were initially transferred to the Department of Defence Production from Canadian Commercial Corporation. In addition, 174 persons were taken over from the Department of Trade and Commerce, so that there is a net recruitment in the Department since April 1st of this year of 755 persons. The 205 special appointees now on the staff of the Department have all been engaged with the approval of the Treasury Board; 92 were appointed on a salary basis, 99 on the basis of no salary; and some 14 on the basis of partial salaries or honoraria. For the last two groups, expenses are paid while these men are in Ottawa, in addition, of course, to all travelling expenses while on government duty.

Special living allowances have been determined for members of the staff stationed outside of Canada, with the exception of locally engaged personnel. These allowances are established at levels not dissimilar to, but if anything on a slightly lower scale than the levels established for career foreign service officers.

#### *Departmental Procedures*

The general procedures, which are followed in the Department in handling Contract Demands received from the Department of National Defence and in carrying out purchasing functions, have all been codified and are now set out in a very extensive office manual. I have got a copy of it here and it is a very comprehensive and extensive document. This manual is of necessity a voluminous document, and is probably not one that the Committee will want to examine in detail. However, it is important that in a purchasing organization of the size of the Department of Defence Production the procedures should be carefully spelled out, and if it is the desire of the Committee, a copy of the manual, which is a restricted document intended only for government use, can be made available to the Secretary of the Committee for reference by any member.

I would not like to see this manual circulated widely, however. It gets out of date and has to be continually amended.

Before the committee proceeds to the consideration of detailed procedures for the placing of contracts and in order to facilitate such consideration, it may be useful to outline some of the general policies that are followed by the Department. Later, in examining some of the details of the procedure, the Committee may wish to call witnesses more closely associated than I am with the day to day operations. Certainly in so far as purchasing by competitive tender is concerned, Mr. W. D. Low, who acts as co-ordinator of the General



Purchasing Branch, would be more familiar than I am with many of the examples that might be used to illustrate procedures in which the Committee is interested. With the Committee's permission, therefore, I propose to proceed to an outline of some of the general policies followed by the Department.

### *General Policy Questions*

#### *Types of Purchase Contracts*

##### *1. Fixed Price Contract, with selection of contractor based on competitive tenders.*

This is always our first choice as to the type of contract to be used, and it is the basis on which the great proportion of the total number of contracts are let. The low tenderer is normally awarded the contract, but this is not always the case. Reasons for not taking the lowest tender might be due to delivery dates unsatisfactory to Department of National Defence, unsatisfactory experience with previous orders, financial insecurity, doubt as to productive capabilities. Quite often, where some of these conditions apply only to a minor extent, the low tenderer is awarded a part of the contract estimated to be the amount that he can handle. In such cases, negotiations are undertaken with the second or subsequent low tenderer to endeavour to have him reduce his price to the low tenderer's price. Those negotiations may or may not be successful.

##### *2. Negotiated Fixed Price Contract, with selection of contractor either on the basis of cost estimates submitted by those contractors thought capable of undertaking the contract or, in some cases, with selection of contractor based purely on the Department's knowledge of potential suppliers.*

There are in the defence procurement program many items that it is perfectly clear can only be obtained from one source of supply.

In many cases the Department of National Defence specifies, for one reason or another, supplies from a particular contractor or of a particular make. This is often justified by the problem of maintenance spares, either in the case of the purchase of spare parts for existing equipment or sometimes when adding new units of equipment to existing stocks. It might also be justified by a desire to test certain types of specialized equipment, or as a result of previous experience with patented or technical equipment.

Unfortunately, the complexity of the program is such that there are a good many cases where that has to be done, but there is no doubt at all about the policy or the scrutiny that is given contract demands to determine, first of all, if it is possible and proper to call for tenders.

##### *3. Ceiling Price Contract subject to reduction to cost plus a fixed percentage.*

Where benefits of volume production cannot be determined accurately in advance, this type of contract has certain advantages.

There are many cases where an item to be produced is substantially the same as the civilian type item but in giving a contract to a contractor he figures his cost on the basis of his commercial experience. He may not be able to calculate in any precise way the benefits he will get in the long run, so we frequently negotiate contracts in which there is a ceiling price as the top price which cannot be exceeded. In some cases, if it happens that the cost is less than that ceiling price, then there will be a refund to the department.

##### *4. Target Price Plus Incentive Contract, which results in payment to the contractor of actual costs ultimately determined by audit plus a fixed fee, being a percentage of the target price, plus a bonus representing a percentage of the difference between the cost ultimately established by audit and the original target cost.*

This type of contract retains the advantages of an incentive to the contractor for cost reduction, but is only practicable if target costs can be determined with

reasonable accuracy or if there is some other valid criterion by which they can be judged; for example, in cases where production in Canada is being started on an article previously imported, and where the current laid-down import price is known.

You might well set a target price for the production in Canada of, let us say, an air-frame. You may know what it would cost you to buy it in the United States; you do not know what it is going to cost in Canada. The contractor cannot give you a firm price but for strategic or for other reasons it might have been decided to make the air-frame in Canada. You sit down with the contractor and agree on a target price. You know whether that target price is reasonable because you know what it would cost to bring in the completed article and then you say, "So long as we can get them for that target price, then we will give you that price plus some agreed rate of profit, but if you can, through efficient operation, get those costs down, you will get some part of the benefit of that efficiency; we will share the reduction in cost that results."

#### 5. *Cost Plus Fixed Fee Contract.*

This type of contract is preferable to the type of contract generally known as "cost plus", since increased costs do not mean increased profits or fees to the contractor.

#### 6. *Cost Plus Contract.*

These contracts, which result in the contractor being rewarded by a fixed percentage of whatever his costs may be, are, in general terms, the least desirable, but under certain circumstances are inevitable; e.g., where it is not possible to estimate with any accuracy at all the size or complexity of the job.

You could have, for example, a target price contract which also has a ceiling price in it.

These are the principal types of contracts that are used, though sometimes arrangements with a contractor may involve a combination of one or more of the types I have mentioned, other than the first clear-cut type, i.e., fixed price contracts based on competitive tender. Statistics that have been kept thus far of contracts let simply distinguish between those based on competitive tender and all others. We are continually trying to improve our statistical methods and classifications. At the present time I can give the Committee some figures for the last six months of the fiscal year 1950-51. In that six month period the Canadian Commercial Corporation, which was then the purchasing agency, issued on behalf of the Department of National Defence 53,704 contracts, of which 42,632 or about 80 per cent by number were on the basis of competitive tender, while 11,072 were on other bases.

I have not put in this memorandum the value of these contracts. I have the values here and they can be given to the committee, but I want to illustrate how difficult it is to interpret the position from the aggregate values. Those 42,632 contracts have a value of \$94 million, whereas the 11,072 contracts had a value of \$429 million. On the face of it, that needs some explanation. There was one contract alone in the allocated orders which was a contract for over \$30 million. It was for radar sets, being manufactured by Canadian Arsenal Limited, and that one contract ran to, I think, \$35 million. Now, I want to give you another example. These figures are for a different period. During the first seven months of this current fiscal year, the mechanical transport division issued 901 contracts, and 892 of them were by competitive tender. But those 892 contracts amounted to \$2 million. There were 9 contracts issued by other than competitive tender, and they amounted to \$42 million. The reason is obvious, of course. A very substantial part of the mechanical transport requirement could only be purchased from one place, the United States government. So there was a very substantial contract for



purchasing American types of equipment, and you cannot call for tenders when you are buying from the American government. In addition, there was the decision to manufacture 3 types of vehicles in this country, so it was only open to the 3 really big automotive companies. Therefore, there was no point in going to tender. You could not call for tenders on a contract to produce a Chrysler-built vehicle. You could only go to the Chrysler Company. I mention this because if one takes the values it does look as if a very substantial part of the business was allocated rather than called by tender. But if you look at the number of contracts which we let, which really is the measure of whether or not we are following the policy, in the mechanical transport field there were 901 contracts issued and 892 of them were let by competitive tender.

Mr. MACDONNELL: And those amounted to \$2,000 each?

The WITNESS: In that 7 month period there were altogether 82,000 contracts let of which something over 60,000 were let on competitive tender.

#### *General Conditions of All Contracts*

The Department has developed a series of General Conditions, which are published and which, by reference, are incorporated into all contracts. The main set of conditions, which is applicable to all contracts irrespective of their nature, is known as Form DDP-26, and covers such matters as arrangements for sub-letting any part of the contract, conduct of the work, inspection, acceptance and delivery, warranty, government issue, scrap, insurance, accounting, secrecy and protection of work, patent claims and royalties, Canadian labour and materials, title, default, termination, and other similar matters. In addition to this form, there are special conditions attaching to aircraft overhaul, ship-building, ship repairs, capital expenditures, firm price contracts, cost plus contracts, construction contracts, and various others.

Actually, Mr. Chairman, there is a complete set of these standard forms, which may be made available to the committee if anybody is interested in reading them. They are very lengthy legal documents. In the first instance, these forms were developed by the Department of Munitions and Supply, but they have all been carefully revised by our legal branch and general counsel, and they are now issued in this form.

Mr. DREW: I think it would be well to dispose of that now and have a copy of the earlier document, the one governing general regulations, and this book filed for reference with the committee.

Mr. McILRAITH: You mean the administrative manual, the earlier book?

Mr. DREW: Yes.

Mr. McILRAITH: Yes.

The CHAIRMAN: Agreed.

The WITNESS: One of these sets of General Conditions which is of particular interest is the one known as Costing Memorandum DDP-31. This memorandum sets out the classifications of expense that will be recognized by the Department as properly constituting an element of cost. It has, of course, particular reference to any contract based on cost plus some fixed or percentage profit. It could also relate to a negotiated price contract in which the Department might have agreed to a fixed price, on the understanding that it was based on costs computed on the basis of Costing Memorandum DDP-31 plus a given rate of profit.

Very often where we cannot go to competitive tender, there is only one source of supply and we would inquire from the supplier as to the basis on which he arrived at his price. And very often we are successful in getting from him an undertaking in which he says that his selling price is based only on the sort of things we have included in the costing memorandum, and that



he is only taking a certain rate of profit. Now, if he gives us that undertaking, and if it is later found necessary to conduct an audit, the terms of that costing memorandum become a part of the negotiations. The memorandum specifies a number of expenditures which may not be included as costs. The two exclusions which are perhaps most noteworthy are interest on borrowed money and selling expenses. This is important because it must be remembered that the rates of profit which the Department sets on some of its contracts are not a net profit to the contractor. The reason for excluding these two items, interest on borrowed money and selling expenses, is so that the Department will not be placed in the position of expressing an opinion as to the proper or reasonable amount of such expenses. Interest on borrowed money is clearly an expense of doing business, but the Department could not get comparability in its treatment of various contractors if, in the case of a man largely financed by borrowings, his costs were increased by interest, while his competitor, who might be financed entirely from his own capital, would have no such element of cost in his accounts. What the Department is really saying is that the profit, to which it agrees, is the reward that it is prepared to pay for the provision of all the capital facilities, including working capital, necessary to carry out the contract.

In the case of advertising, the Department seeks to avoid the very difficult and contentious questions regarding the proper amount of advertising and selling expenses to be incurred by business concerns. It does not deny or confirm the need for such expenses as part of a company's general overhead, but simply says that it will establish a rate of profit out of which the contractor, in his wisdom, may expend such amounts as he sees fit on advertising and selling expenses. I have mentioned these two points particularly, because they are ones which frequently give rise to questions on the part of contractors, and there may still be some misunderstandings as to the reasons for our exclusion of these items.

#### *Profit Allowances*

Where the Department is successful in obtaining tenders from a number of suppliers, it is generally assumed that the margin of profit of the successful contractor need not be a matter of special investigation, since competitive factors should insure that the best value is being obtained for the taxpayer's dollar. In all cases where it is necessary for the Department to examine costs and profit margins, the general yardstick which is followed is a profit rate of between five and ten per cent of cost. The actual rate varies, depending upon the nature of the industry, the size of the contract, and the type of the contract. These rates, as I have pointed out, are not net profit to the contractor, by reason of disallowed expenses, but even without regard to disallowed expenses they are lower than the rates of profit being earned by manufacturing concerns on general commercial work, as evidenced by statistics published by the Taxation Division of the Department of National Revenue.

#### *Now a Word About the Provision of Special Facilities*

As previously stated, the overall defence program includes a large element of what has been called "insurance" in the form of provision of facilities capable of production levels in excess of present requirements. This means that facilities must be expanded or created on a basis which could not be undertaken for commercial reasons. This naturally requires provision of Crown-owned facilities, representing for the most part specialized machine tools to be installed in existing privately-owned plants, but to some extent involving the provision of new buildings. Where a whole new facility comprising buildings and machinery is involved, arrangements are made for

management by private concerns who can contribute the necessary skills and know-how. In a few cases arrangements have been made which provide for some of the capital contribution to be made by the contractor, possibly the building supplied by the contractor and the machine tools, which are movable, by the Crown. But in most cases it is found preferable that the capital facilities, whether they are buildings or machine tools or both, should be owned outright by the Crown, which then has a free hand as and when the question of disposal comes up. The general policy of the Department has been that, where the Crown must provide the capital facilities, they remain the outright property of the Crown with no strings attached. In some cases, particularly where a whole new facility is being created, part of the arrangement is to give the right of first refusal to purchase (with no price commitment at all) to the contractor occupying and managing the plant.

If a contractor is prepared to put up his own capital for buildings, building alterations, or equipment specially required for departmental orders, the department generally is prepared to extend to him the special arrangements for accelerated depreciation. It should be noted, however, that this is merely an arrangement by which he may, for income tax purposes, apply profits actually earned to write down his capital investment. He may not treat the extra depreciation as an element of cost in determining the selling price of his product to the Crown.

In a few cases it has been necessary to put up Crown funds in the form of building alterations, where it is impossible for the Crown to take title to the assets created. It is the policy in such cases to endeavour to arrive at an arrangement whereby the contractor will accept the residual value of such alterations as a part of whatever reward or profit he is entitled to make on the contract.

The great bulk of the expenditures for capital assistance represent specialized machine tools which, as I have said, remain the clear property of the Crown. In the majority of such cases, these tools are capable of being used only for the product being produced for Crown account, and no question of rental or use of these facilities for commercial business arises. Where, however, the special tools being provided by the Crown could to some extent usefully be used by the contractor for commercial business, an arrangement is made for a suitable rental to be charged to the contractor, with the end result that the Crown recovers an appropriate amount related to the use that is made of the tools for such commercial purposes.

#### *Pool Orders*

It is sometimes convenient and economical to arrange for the pooling of orders for materials or components required by a number of contractors. The outstanding example is the manufacture of the fabrics that will ultimately be made into uniforms. The policy here is, in consultation with the services, to determine the total requirements over a considerable period of time, and then to arrange for the manufacture of the fabrics to the required specifications. This cloth is then taken into warehouse and subsequently sold at a common price to all the garment manufacturers concerned, the price being calculated to return full cost and warehousing charges to the Department. This type of operation is financed through the Department's Revolving Fund, initial purchase of the fabric being paid for out of the Fund and proceeds of sales to the garment manufacturers being credited to the Fund. In this way the accounts of the Department of National Defence are affected only once; i.e., by the final payment for the cost of the completed garment. The more important advantage of this system is the benefit of quantity orders being placed for the fabrics, yet the garment manufacturer still has the full incentive for economical use of the fabric, which would not be the case if the fabric were given to him as free issue rather than being sold to him.



The same principle of pool orders—though not always involving resale to the contractor—is followed, for example, in ship components. The destroyer escorts are being built in a number of shipyards, but the Department has one contractor for the propulsion machinery for all the vessels. Whether or not the item purchased in this way is given as free issue or sold to the contractor, is decided generally by the ordinary conditions of the trade. As a general rule, materials are sold and components are supplied as free issue.

I think, Mr. Chairman, that covers the basic policy.

The CHAIRMAN: Gentlemen, Mr. Mackenzie has already indicated that there is a departmental administration manual which is a restricted document. The suggestion made is that it be left with the clerk and members of committee have access to it. There is another book, Department of Defence Production standard forms. That is not a restricted document. That also will be with the clerk.

Are there any questions?

*By Mr. Drew:*

Q. Yes. I would like to start with a question relating to the basic weapon which seems to be the sound basis for all defence. What rifles have been purchased in Canada for the defence forces?—A. Mr. Chairman, I have not got the actual detail of purchases of that type in here. I have some general figures which I can give, but they relate to the size of the various programs.

Q. No, I think that the best way to proceed would be to see exactly what you are getting in connection with the armed forces, explaining as we go along through the principal types of equipment. I should think that we should start with rifles. Now, what type of rifle is on order?

The CHAIRMAN: Just a moment, Mr. Drew. It was suggested at an earlier meeting that Mr. Macdonnell would provide a list of information which he required. That was done and it was turned over to the department in order that they might have the information available.

The purpose of this meeting was to hear Mr. Mackenzie and question him; and then to hear Mr. Bryce; and then we would have some tabling of expenditures under such headings as equipment, training, cost of administration and other information so it would be available for you to question him on at a later meeting as soon as that information is prepared.

Mr. DREW: I must say, simply having regard to the fact that Mr. Mackenzie has come forward with this brief he is the official who at this point could answer certain questions which would not take very long and which should be easily answered by him. I am simply asking as a first question what type of rifle is being ordered.

The CHAIRMAN: For my part, I see no reason why he should not answer as to what type of rifle.

The WITNESS: Well, Mr. Chairman, the answer to that question is that there are no rifles at the moment in production for Canadian account.

The CHAIRMAN: No, but he asked you what type. You say there are none—

The WITNESS: There are none in production for Canadian account.

Mr. DREW: There are none in production for Canadian account?

The CHAIRMAN: Let us not get into that field at the moment. I suggest that the information, will perhaps be here at the next meeting in answer to the requests which have been received. Then you will be able to follow that line of examination.

Mr. DREW: I presume the committee will be meeting tomorrow?

The CHAIRMAN: No, we don't meet again until Tuesday.



Mr. DREW: Now, Mr. Chairman, I do not want to start at this stage to get away from a very orderly discussion of the situation, but not one of us is unaware of the time factor that is involved. If we do not meet again until Tuesday it simply means that no real information with regard to defence expenditures is going to be obtained at all. Mr. Mackenzie has given very valuable and interesting outline of the organization of the Department of Defence Production and its functions. That, however, is something which could have been presented to the members in written form as a very helpful base. But, surely, with all the delay that there has been in bringing this committee together we should seek to get some information before the end of this session as to what we are really doing in the way of defence requirements; and, interesting though it may be, I think our knowledge of the contractual forms of this department, and information of that kind, is much less important than getting some information as to the rifles, field guns and other equipment of that kind we actually are buying at the present time for the defence forces. After all, Mr. Chairman, there is no one here who knows better than you do that that is the basis of defence; and I would have thought that with the official who has come forward it would not have taken very long to get from him a summary of information on questions relating to what the government is doing in the matter of buying rifles, machine guns, bazookas, rocket launchers and things of that kind; and then get into the large field of medium guns, light howitzers, heavy howitzers, recoilless guns, anti-aircraft guns and so on. I should think that Mr. Mackenzie would be able to give us the answers to questions of that kind in a matter of minutes, probably in less than half an hour.

Mr. MACDONNELL: I would like to point out this, Mr. Chairman, that I did ask for this information to be ready as soon as possible. Frankly, I want to say that I do not understand the reason for having called Mr. Mackenzie to give the information which he has already given. I rather expected that the information I had requested would be ready.

The CHAIRMAN: I agree entirely, Mr. Drew, about what information you require. Mr. Macdonnell outlined the sort of information desired and the committee thoroughly agreed with him. That request was turned over to the appropriate department for that purpose. I think that information might possibly be given by Mr. Drury who is procuring it and he will be available to us at our next meeting. I understand that it is not going to take a lot of time to get that information. I might inform you that you will be able to get it in the way in which you wanted it. Some of it will be available to our next meeting on Tuesday.

Mr. DREW: Let us decide now to call the committee tomorrow.

The CHAIRMAN: It is not possible to call a meeting tomorrow, Mr. Drew, because some of us here are on several other committees. Some of us are on the combines committee. Tomorrow will probably be the last meeting. We should be there.

Mr. DREW: I understand the importance of it but I do not think there is anything more important than to get the basic information on what we are getting together in the way of defence. The contracts for buildings, the contracts for a number of other things are individually the process by which we get the things which give the defence forces on land, sea or air more hitting power, and I would think the most important thing we should know, and as early as possible, is what we are actually buying and at what price and from whom.

As far as these things are concerned, Mr. Mackenzie has not indicated that he would be unable to tell us what weapons are being bought, and that being so I would think that there would be no difficulty in very quickly

covering the ground with these various questions and finding out just what weapons are being supplied and the type of weapons being made available for our defence forces. It seems to me that from the broad structural information he has given us, Mr. Mackenzie has made it quite clear that the department with which he is associated handles the purchase of these things.

Naturally there would have to be consultations in the case of military requirements doubtless with the Department of National Defence, but it would be Mr. Mackenzie who would have to give Mr. Drury the information on what was on order. I for one would like an opportunity of putting those questions to him.

Mr. McILRAITH: Might it not be a good idea to re-read the minutes of the steering committee which were read at the start of the first meeting. The proceedings of the last meeting have not yet been printed and there seems to not be a good deal of appreciation of what the system agreed on by the committee was.

I think everyone here is anxious to go forward as quickly as we can with this matter; it is a big subject and a difficult problem but there was a procedure agreed on by the committee and I think an effort is being made to follow it. I think that we should recall to the committee's mind exactly what was done in the steering committee meeting, the first meeting and the second meeting.

The CHAIRMAN: We requested at our first meeting for the tabling of certain information which will probably answer the questions that Mr. Drew now asks and others will wish to ask. Now, the question arises when the meeting will be, whether it should be called tomorrow or early in the week.

Mr. MACDONNELL: I would say, Mr. Chairman, that if this were three or four weeks from the end of the session that would be all right. Let us be honest with each other. That thing won't amount to anything before we adjourn or prorogue or whatever we are going to do.

Might I ask that if there is a real desire to meet tomorrow can't we do it? Now, as has been said by Mr. Mackenzie, these figures are surely routine figures and I cannot see why they cannot be given just right off hand. That is the reason I put my request forward on Tuesday so that there would be no element of surprise.

The CHAIRMAN: There is no element of surprise. All the information that is available as a result of the report of the Sub-Committee on Agenda will be made available to this committee—everything that they asked for. It was merely a matter of orderliness. We thought we should have the background. We still have one more witness; we can finish with him today if the questions are short and the next time a meeting is called we can immediately give the information that Mr. Drew and others require.

Mr. DREW: Mr. Chairman, just on two points that have been raised. I do not think we should be unduly impressed by formality or otherwise. If the purpose of this committee is really to get down to defence expenditure, and that means expenditure on defence, then our greatest concern is to find out what is being spent on defence and for what purposes; and interesting though the expansion of the information about the structural build-up might be, since we are limited by time. I would have thought it was very proper that now that Mr. Mackenzie has given us this information and, for instance, in relation to his figure of \$50 million which he has mentioned as a figure for weapons that we, simply as an example, take that and find out from him just how that is made up and I would think that most people—in fact I think I read something that you said once yourself which emphasized the primary part that weapons play in defence organizations, and I thought it would be

appropriate in relation to that while Mr. Mackenzie is still here that certain questions be asked which could be answered very quickly.

I leave it at that point. In regard to the other committee meeting I know the committee to which you refer and which you are attending tomorrow. Might I say, Mr. Chairman, that if we are going to get ahead with this matter, recognizing the limited time that is still available, that I would have thought, while recognizing the special qualifications you have to act as chairman in this case, that we could have proceeded tomorrow with the use of a deputy chairman if you could not be here.

The CHAIRMAN: May I just point out that there are several members of the committee who are equally involved tomorrow.

Mr. DREW: You cannot tell—they might support your motion at the other committee?

The CHAIRMAN: That is my hope but, gentlemen, I realize that there is a great deal of truth in what you are saying, Mr. Drew. We are trying to get on. Prorogation is ahead of us. The endeavour is to get as much information as is humanly possible before the House rises.

Mr. DREW: It is just with that point in mind, Mr. Chairman, that if you would let me question along this line for twenty minutes we would have some interesting information on what we are getting in the way of defence requirements.

The CHAIRMAN: Mr. Drew, you are first on the list for the next meeting. You can have all the time you like. Let us finish with Mr. Mackenzie. I have Mr. Bryce who will also give you some information, and then we will get down to the details at the next meeting. Are there any questions at all for Mr. Mackenzie?

*By Mr. Stick:*

Q. I would like to ask one question. The Department of Defence Production does not decide the type of weapon you are going to buy; that is the Department of National Defence?—A. The department does not decide on anything to be bought; we simply receive the requisitions from the Department of National Defence.

Q. They make the decision as to what type of weapon you are going to buy?—A. Exactly.

Q. I wanted to get that clear in my mind.

*By Mr. Drew:*

Q. Just as a matter of procedure and in relation to the structural organization which you have described to us, take the purchase of the two DeHavilland comets. Will you just explain as an illustration how that was proceeded with or what course was followed in acquiring those two DeHavilland comets?—A. The procedure for all purchases on behalf of the services starts with a formal document what is known as a contract demand which comes from the Department of National Defence. That demand is received by the Department of Defence Production which then proceeds to take purchasing action.

Now, in the case of the purchase of the DeHavilland comet, it is perfectly obvious you could not call tenders; it is simply a question of negotiating there on price and further arrangements to be made with the DeHavilland company on delivery, and so on. Our activity is initiated by the receipt of a contract demand.

Now, the demand for certain items does not come from the Department of National Defence or some other department of government. They are the ones



that are initiated by the Minister of Defence Production and that is where he is laying in supplies that will ultimately be used in the manufacture of items for the Department of National Defence. In other words, the Minister of Defence Production himself decides that it will be advisable to buy certain yardages of cloth and raises that demand himself. I might say it is done in consultation with the services but the contract demand for that type of item comes from the Minister of Defence Production. All other demands come from the agency which will eventually have the ownership of the asset.

Q. From whom did the contract demand emanate in the case of the two DeHavilland comets in England?—A. It must have been the Minister of National Defence. I have not the document in front of me but it must have been by reason of the amount involved.

Q. I wonder if you would check that. I think it would be helpful if we saw a copy of the contract demand in that particular case. I am simply taking this as an illustration of the procedure that would be helpful to us. Would that contract demand come from the Minister of National Defence or would it emanate from the Chief of the Air Staff?—A. We would not know that, Mr. Drew. The document that we receive is the formal contract demand which requires the minister's signature if it is over a certain set amount and I am confident the Comets you speak of were over that amount.

Q. You would be able to produce a copy of the contract demand?—A. I do not know whether that document should be produced or not, Mr. Chairman.

*By the Chairman:*

Q. The document exists?—A. It must.

Q. Is it in your possession?—A. Not at the moment. I suppose it is in the department.

Mr. DREW: There cannot be any terms of secrecy applying to a demand for aircraft being sold for ordinary commercial purposes throughout the world.

*By the Chairman:*

Q. I am not sufficiently aware of what the contract consists. Let us find out who has it. Is it probably in the minister's possession?—A. No, it will be in the department's possession. We have hundreds of thousands of contracts in the files of the department.

Q. Well, Mr. Drew asks that the contract be produced. I see no reason why it should not be. Is there anything secret about it?—A. I would not have thought so.

*By Mr. Drew:*

Q. Then, I think also at the time that that is prepared it would be helpful, Mr. Mackenzie, if you would find out who actually carried out the negotiations with the DeHavilland company and the date on which the negotiations were opened with the DeHavilland company and also whether at the time that this was done it was done by any competitive tender or simply done as an order without reference to any other possible types?

Mr. BALCOM: It might be important to know who negotiated the contract, whether a member of the staff or someone else?

The CHAIRMAN: It may become important.

Mr. DREW: If I did not put it in that way I intended to put it that way; but who first opened negotiations with the DeHavilland company in connection with these and at what time?

Mr. MACDONNELL: Mr. Chairman, I would like to ask a question—

The CHAIRMAN: The reporters are complaining that they do not hear you clearly. Please, Mr. Macdonnell, speak louder.

*By Mr. Macdonnell:*

Q. About halfway down page 4 it speaks of the Department of Defence Production receiving from the services details of their requirements. Now, does the department exercise any control over this money? Does it question any of the amounts required because, after all, some of us know something about the army and we know that whatever virtues may be attributed to its officers—and they are many—you cannot expect them to be as worried about money as we are. Now, I would like to know if there is any check of any kind or if that statement is to be taken without qualification—“received from the services all the details of their requirements.” I am thinking not only of guns and rifles and whatnot, but ordinary civilian supplies. I saw a tender not so long ago which had amounts in it which seemed to me very high. They might have been all right but they seemed to me very large for ordinary supplies, and I raise the question is there any check of any kind upon the moneys? Is the first and last responsibility taken by the military officials?—A. The Department of Defence Production does from time to time question the volume of a demand but it is done, not on the basis of the cost or the requirement of the service, but from the supply standpoint. We had a perfectly good example sometime ago when the Department of National Defence raised a contract demand for a very substantial number of blankets. I have forgotten the number, but it was a very substantial number. We thought that, as a matter of procurement, to put an order of that size into the market at that particular time would have been most unfortunate and would have had very serious results on the civilian supply. Consequently, we went back to the service, we discussed it with them, we arranged, instead of placing an order of that size, to spread it out over a longer period of time so there would be a better source of supply.

Q. I can understand that point of wise purchasing but do I understand correctly that you do not question the amount they asked for, that you just take that and work from that, that there is no authority — that there is no outside authority who raises any question as to what is being spent for the services?—A. I cannot answer the question as to whether there is any such authority. I can only speak for the Department of Defence Production. As far as the Department of Defence Production is concerned it accepts the contract demand, it accepts the requirements it receives from the Department of National Defence.

The CHAIRMAN: Any further questions, gentlemen?

*By Mr. Drew:*

Q. Just so that there won't be any possibility that Mr. Mackenzie would be unready to answer the related questions which I will ask in relation to the broad structural information perhaps you can answer a question now and if not I would ask that you make a note so that you can answer it when you obtain the other information.

Having regard to the fact that the Canadian government through its agencies has spent considerable money on the development of a jet airliner in the Avro plant in Toronto, I would like to know what consideration was given to the comparative advantages of transferring the purchase to the type of airliner which has been developed at public expense and what conclusions led to the decision to choose another type of airliner for what would be the same kind of service for which that airliner had been developed. Can you answer off hand?—A. I can say off hand that the two aircraft were quite different in the uses to which they could be put.

Q. In what way?—A. The range of the aircraft, for one thing. They are very different. I cannot go into an argument on the technical points but I am sure that the two aircraft are not interchangeable; they are built for different purposes.

Q. I do not want to question you on a matter which you cannot answer, but I was under the impression from press reports that I have seen that the purpose that had prompted the buying of the De Havilland comets was for school training and interceptor work. That, might not be right. If that is so I would be curious as to why the range of the aircraft is so important because I did understand that one jet airliner built by Avro was being used for doing something of a comparable nature to the De Havilland comet.—A. Mr. Chairman, I do not think that I am really competent to get into a discussion of the suitability of the various aircraft.

The CHAIRMAN: My advice is don't.

Mr. STICK: Mr. Chairman, would that be a question of policy?

Mr. DREW: I think that I can remove any suggestion that it is policy. After all, if one is buying anything one wants to try to buy it as cheaply as one can and that does not involve departmental policy. I am curious to know why an airliner on which public money has been spent was not regarded as suitable and another type was purchased for a somewhat comparable purpose. I imagine that could be easily answered in that way without anything savouring of departmental policy.

Mr. McILRAITH: I think that could be brought forward. Part of it was answered the other day in the House on the orders of the day, but I think the whole information on that point should be brought forward. I am not clear whether it could be fully brought up by the ministers from each department but I think it could be brought forward. The main point is that the two kinds are not comparable and it seems that that is more or less a technical discussion. I think it could undoubtedly be brought forward and I think the committee should have it.

The CHAIRMAN: On that point, you were having some difficulty with a technical discussion in the House the other day.

Mr. McILRAITH: Well, I did not know how far to go and the second thing was I did not have all the technical information.

The CHAIRMAN: We have Mr. Bryce who will take ten or fifteen minutes and if we clear him today we can carry over the other information to the next meeting.

*By Mr. Macdonnell:*

Q. You must have tens of thousands of these contracts, many over \$2,000 and a great many must be very trivial amounts, and I just raise the question of whether there is any possible way of lessening the number. You must have hundreds and hundreds of these contracts and if my arithmetic is correct they must only run into a few dollars.—A. There are many contracts of very small amounts.

Q. Would not that mean that a lot of legal work must go into them? Perhaps there is no way of avoiding it.—A. Might I just say this to you, Mr. Macdonnell, that when you refer to contracts, that does not always mean a long legal document. These are called contracts for the purposes of statistics. The bulk of these would be evidenced simply by the acceptance of a purchase order.

Q. You mean just a letter?—A. We have, for instance, "an acceptance of order" form and that form simply says: "Your offer is accepted. The



purchase is subject to the general conditions above" and so on. It does not mean a long voluminous contract every time.

*By Mr. Churchill:*

Q. I have one question whether the Department takes into account the time factor involved in regard to manufacturing establishments right across the country. An example of this came to my attention some time ago in manufacturing for the CWAC's and tenders were to be opened, I think, about the end of August and the delivery was set as the first of October. Well, certain Winnipeg manufacturers thought that that was a serious hindrance when tendering because of the time limit whereas they estimated that the bringing of material into Winnipeg, manufacturing it and then shipping it back and trying to meet the deadline would amount to about thirty days and would put them at a distinct disadvantage to the manufacturer who was closer to the point of delivery which I think was Montreal or here. How does the department deal with situations like that?—A. Well, Mr. Chairman, I obviously do not know the details of that particular transaction. The general approach is, within the limitations of the deadline set by the department of National Defence as to when they want delivery, to call tenders and allow as long a time as is considered appropriate in order to give an opportunity across the country. That certainly is what we are striving to do. There might have been some special circumstances in connection with that particular order that required a narrowing down of the time limit. I would be glad to investigate any individual case that you suggest. But certainly our general approach is to try and give tenderers right across the country time to get in their tenders.

You did mention the question of paying freight on the material. I might say that we are paying freight from the central warehouses on material out to the contractors now.

Q. Well, it was not a question of getting the tenders in; it was completing the manufactured product in time to meet the deadline set by the department. In that particular case it seemed to me it was a very, very short time. There may have been some special reason.—A. This is a very common problem. The department will require a particular supply by a certain date. We continuously strive to get these requirements out as soon as we can, but this problem does come up from time to time and then where we get into the cases we have to split the order to meet the deadline of the Department of National Defence. One contractor cannot handle the whole thing; it has to be split.

*By Mr. Wright:*

Q. On page 10 of mimeographed statement it says:

It should be noted that, in accordance with the special provisions of the Defence Production Act, the Minister, or the Deputy Minister on the Minister's behalf, may, and does from time to time, authorize the entry into firm contracts without prior submission to Council. These transactions are, however, subsequently reported to Council.

What is the type of contracts and what is the principle on which the contracts are let and what are the reasons for letting that type of contract without prior submission to Council?—A. Well, I can give an illustration very quickly. A very common one—I should not say a very common one because there are not a tremendous number of them but there are quite a few—they come quite frequently in the textile program. We got into the business of buying wool. We had to because the industry felt that they could not handle the actual purchase of wool. I am speaking now of six or eight months ago

when it was decided, in consultation with the industry, that the department would buy wool. Now, when you go out to buy wool you get an offer and you have to accept it within a matter of hours; otherwise the offer is gone. In such cases, the minister or the deputy minister places the contract and then reports to council what he has done.

Q. It is in that type of contract?—A. It is that type of thing. Occasionally at the last minute before a certain deadline there may be 2 or 3 items which come up. I think that happened just before the despatch of troops to Korea. At the last minute something was remembered which had been overlooked, so contracts had to be placed very quickly in order to catch the sailing of a boat. Sometimes it happens in respect to the repair of a vessel. And there are cases when you have to make up your mind very quickly. The minister or the deputy minister is authorized to act and all such cases are reported to council.

*By Mr. Stick:*

Q. What about the Washington office? You have an office in Washington and a councillor in the embassy as well? Why should there be an office of the Canadian Commercial Corporation in Washington as well as a councillor in the embassy? I am not clear on it. Does our representative in the Canadian Commercial Corporation in Washington let contracts in Washington, or does he consult you before he lets contracts? How far can he go, and where does he stop?—A. The office in Washington, of course, is carrying on as part of the departmental organization. But as to Canadian procurement from the United States services, and in the case of Canadian sales to the United States, the United States prefers to deal—I am speaking of the services—they prefer to deal with a government agency in Canada. So, when they want to buy something from Canadian production, the contract is placed with the Canadian Commercial Corporation in Washington, and from Washington they are sent to Ottawa. Actually the contractual arrangements are made up here in Ottawa.

Q. Negotiations, however, are carried on in Washington?—A. Yes, the preliminary negotiations. And I have seen transactions come in all the way from \$1.50 up. It may be that in small transactions there is a final settlement made down there, but it would be governed by the degree of authority possessed by the individual officers in Washington. Throughout the department, various officers have commitment authority up to certain limits, so I think there would be a number of people in the Washington office who would have authority up to those limits.

Q. It has to be done through the office there?—A. Yes; but in connection with other activities of the department, such as negotiations with the United States authorities for the allocation of steel and the arrangements of the International Materials Conference on base metal (there are international committees meeting which cover copper, lead, zinc, and so on) all such activities are handled through the Washington office.

Q. That means that what is required for NATO in the way of basic metal requirements are co-ordinated at Washington and then discussed and allocated to the different countries?—A. There is the International Materials Conference at which a number of countries are represented. Canada is represented on some of those committees. These committees meet and make recommendations to the governments concerned. There is nothing completely formal about it; but the international group makes recommendations to governments which may or may not accept them.

Q. And the headquarters of that group is in Washington?—A. Yes, the headquarters of the International Materials Conference is in Washington and we have every extensive connections with them.



*By Mr. Macdonnell:*

Q. I was going to ask the witness about the Canadian Commercial Corporation because it was stated that the purpose for which it was originally set up was not now so important. But I take it that because the United States wants to deal with a corporation, that is the reason the corporation is still kept going even though you have the Department of Defence Production as well?—A. That is one of the reasons, yes. It is a very convenient agency through which to handle contracts with the United States government.

Q. You have only that Crown corporation which can do it? It has not got much else to do but that, has it?—A. It conducts dealings with other countries, but the United States is the principal one. There are some dealings with the United Kingdom, and it is also used for the purchase of such materials as have been bought by the Department as strategic reserve. It bought the imports of tin, for instance, that were made some time ago.

*By Mr. Henderson:*

Q. Suppose a Canadian contractor wishes to purchase a piece of machinery in the United States. What, briefly, is the procedure he would have to go through?—A. I think anybody who has been trying to purchase machinery in the United States lately would say that you could not describe it briefly. It is a very involved procedure, particularly if you are speaking of machine tools. The machine tool situation is very complicated and very difficult because the supply is very short. Our office in Washington would facilitate the purchase of machine tools but it is a most elaborate procedure. First of all, there must be 70 per cent "set aside" for the American services; and then there is only 30 per cent available for the civilian purposes. It is a most complicated procedure. Of course, I am speaking of the United States procedure.

The CHAIRMAN: I think Mr. Henderson is interested in learning what office he should visit first, and how many, and where does he get a "yes"?

The WITNESS: I would not attempt to answer that question. I suggest that if there is a Canadian who wants to get some machine tools from the United States, he would be very well advised to talk to our people before he gets into it. He should speak to the Machine Tools Division of our department.

Mr. DREW: I have one point, Mr. Chairman, which I would like to raise now, so that we may not be confronted with any suggestion of uncertainty on this point. At the first open meeting a list of weapons about which information was required was presented by Mr. Macdonnell. In going over it, it is quite apparent that the intention was to obtain information in regard to all the weapons that are regarded as weapons necessary for the land, sea and air forces; and if there are weapons which have been decided upon and which have become standard, other than those mentioned, I ask that Mr. Mackenzie, or whoever can answer it, be ready to answer to the point. I am referring particularly to the fact that questions may be asked as to guns of a particular calibre, or weapons of a particular nature, and it may be that decisions have been made to change to other types of weapons useful for the same general purpose. So I would ask that that thought be kept in mind when preparing the necessary report, namely, that we are anxious to know what weapons are being purchased for the various land forces, and what for the naval forces, and what for the air forces?

The CHAIRMAN: I think we understand that, Mr. Drew.

Mr. DREW: I was only trying to avoid any misunderstanding, Mr. Chairman.

The CHAIRMAN: I do not think there is any misunderstanding on that point. Thank you, Mr. Mackenzie.

(The witness retired).



Now, Mr. Bryce.

**Mr. R. B. Bryce, Assistant Deputy Minister of Finance called:**

The WITNESS: Mr. Chairman, I understood that you wish to have from me a description of the role of the Treasury Board and the Department of Finance in dealing with defence expenditures to complete, to some extent, the understanding of the committee of the roles of the various bodies and agencies. I had intended to speak from a few notes, but in view of the hour, I think it might save time if I just read four or five paragraphs which I have here. It would only take me a few minutes.

Mr. DREW: If this is profered in the same form as that of Mr. Mackenzie's presentation, it might be helpful if we had it before us.

The WITNESS: I am afraid I have not got copies. I am sorry.

Mr. MACDONNELL: Will the witness have it profered later?

The WITNESS: Yes. I shall have it mimeographed and given to the clerk.

The formal procedures and responsibilities of the Treasury Board in dealing with defence expenditures and related matters are much the same as in regard to similar matters relating to other departments, with some modifications in detail to take account of the much larger size and number of the transactions and of the elements of the program and establishments. The major decisions in regard to the defence program, budget, and establishment are of such importance, however, that they are made by the Cabinet or by the Cabinet Defence Committee in the first instance, and the Treasury Board does its work within the framework of the policy so determined. The Department of Finance prepares material for the use of the Minister of Finance at the Cabinet or Cabinet Defence Committee in considering matters relating to defence expenditure. For this purpose the officers of the department consult frequently and closely with the officers of the Department of National Defence and of the defence forces, and where necessary, I might add, of the Department of Defence Production. The form and nature of such consultations do not follow a formal or fixed pattern, but depend upon the circumstances in each case.

The Treasury Board consider and take decisions upon, or make recommendations to the Governor in Council upon, the following types of question relating to defence expenditures:

- (a) details of defence estimates within the general program and budget approved by the cabinet;
- (b) changes in the details of the estimates that are recommended by the minister or the Department of National Defence during the year, and which require transfers between allotments established within the defence appropriations.  
You may recall that at the back of the estimates there are supporting details which constitute the allotments that bind the department, unless the Treasury Board approves a transfer among them.
- (c) the authorization of specific construction projects within the defence program, many of which cannot be finally settled at the time the estimates are approved;
- (d) changes in the scales of pay and allowances and the various regulations relating to pay and allowances and the conditions of service in the forces;
- (e) special pension cases and problems. Formerly the board authorized all pension payments, but the routine cases are now dealt with

directly within the forces and the Department of National Defence, under the recent amendments to the Act;

- (f) certain other special types of transactions, some of a relatively minor but troublesome nature, such as settlement of damage claims, ex gratia payments, special travel and removal claims falling outside the normal regulations, payments of capitation rates to other countries in respect of materials and services provided to the Canadian forces, and purchase of office equipment;
- (g) allotment of funds for capital assistance projects undertaken by the Department of Defence Production under the Defence Production Act and related appropriations, such as Votes 77 and 681.

It may be noted that the Treasury Board do not consider and deal with the procurement contracts for the Department of National Defence, which are handled directly by the Governor in Council, in accordance with the details of the Defence Production Act.

In addition to the matters dealt with by the Treasury Board and the Cabinet Defence Committee noted above, the Department of Finance

- (a) assists the Minister of Finance in reaching agreement with the Minister of National Defence on the rank structure for the Canadian forces within the total number of forces authorized by the Governor in Council. In other words, in setting the number of colonels, brigadiers, sergeants, privates, and so on.

The two ministers jointly are responsible for setting that up.

- (b) In the working out with the defence department and forces, the chairman of the chiefs of staff, the Department of External Affairs and others of the arrangements with other countries under the North Atlantic Treaty, and the preparation of messages, instructions, and reports for Canadian representatives taking part at meetings of the North Atlantic Treaty Organization, and
- (c) In the working out, with other departments and agencies various financial and economic measures required to implement the defence program and offset any unfavourable economic effects of defence expenditures.

That really relates to various economic matters which I presume are not of direct concern to this committee.

Finally, I should mention of course the Comptroller of the Treasury and his organization of disbursing and accounting offices. They play a very large role in the administration of defence expenditures. But I understood that you propose later, if necessary, to get a statement directly from Mr. McIntyre about that, so I did not endeavour to cover it except to summarize, in brief form, the role of the Department of Finance and of the Treasury Board with which we are concerned.

Obviously a great many of the items with which we deal are essentially policy items, but I think it would be of interest to the committee to know how the machinery works in reaching those decisions.

The CHAIRMAN: In the memorandum which you suggest you will file with us, will you have more information than you have already given us?

The WITNESS: I was proposing to file only this brief memorandum, but I can elaborate on it.

The CHAIRMAN: The information you have given us, I think, is sufficient. My purpose in asking you was to make sure all you wish to say is on the record. I feel that the information which has been given to us by Mr. Drury, Mr.

Mackenzie and yourself will be useful for later committees. We want to make sure that we have on the record what you feel would be sufficient for our purpose.

The WITNESS: Yes.

Mr. STICK: I was going to ask a question, Mr. Chairman. Will Mr. Bryce be available to us later on to go into this? I was going to ask a question about the frozen assets we have over there, but I presume that will come up later, and that this is not the time to ask about them.

The WITNESS: That is right.

*By Mr. Drew:*

Q. Well, again only seeking something in the way of an illustration of method and perhaps there is an advantage in taking the same illustration as an example, Mr. Bryce, what I was discussing before, in the case, for instance, of a decision or in the case of the consideration of the purchase of something that costs a substantial sum of money like two jet transport aircraft, would the fact that the order was being, or rather would the fact that the Department of National Defence or Department of Defence Production indicated that it wished to buy a certain type of aircraft be the deciding factor or would the Treasury Department go into the question of whether some consideration should be given to the \$8 or \$9 million which had been spent by the Canadian government to back up an aircraft that was being manufactured in this country—would that be decided by the Treasury Board or would the simple matter that the decision had been made by the Department of Defence Production be taken as a sufficient basis for proceeding with the expenditure?—A. Well, sir, in the appropriations and estimates of the department there will be an item for procurement of aircraft and if this purchase comes within their budget the actual procurement, the choice of the aircraft and the actual price at which they are procured will not normally come before the Treasury Board. The procurement contract will go to the Governor in Council in due course from the Minister of Defence Production, but eventually as it is within their budget and program we are not further concerned. In other words, the choice of the particular aircraft and the price would be regarded primarily as an administrative problem within the responsibility of an individual minister rather than collectively unless the matter was large enough to merit the consideration of the cabinet itself.

Q. Then, I take it from what you say that the question as to whether the abandonment of one type might mean the failure to reap the benefit from certain expenditures would be a question of policy with which you would not be concerned?—A. We would, sir, ordinarily, in establishing the budget for the department at the beginning of the year. We will study their aircraft program in some detail and the Treasury Board and the Minister of Finance will be concerned with the types of aircraft that they are proposing to purchase and the reasons given in support of it, but any amendment, any detail in the course of procurement as long as they are within the general budget will be regarded as the responsibility of the minister directly concerned unless it raises major questions of policy which the cabinet feels they should consider.

Q. Well, again as a matter of information and having regard to the fact that this is a matter of common interest at the moment, could you tell us whether in the particular case authorization was given for the purchase of these aircraft or a memorandum was made available to the Treasury Board explaining why it was not regarded as desirable to proceed with the construction of jet airliners with which the government had been experimenting and on which development expenditures had taken place?—A. As I recall that particular case, sir, the transaction did come within the general budget of the



department and consequently did not involve any reference to us for consideration in regard to the choice of a particular type of aircraft.

Q. So that your recollection is that the decision was not one that was reviewed by the Treasury Board?—A. Not as such, sir.

*By Mr. Queleh:*

Q. Will Mr. Bryce give us the names of the persons who constitute the Treasury Board today?—A. I would be glad to do so. There is an order in council setting up the board and I will have that done.

Q. With due deference to you and other senior officers present, I wish to protest about Mr. Bryce referring to the army as being made up of nothing but brigadiers, colonels and sergeants.

Mr. DREW: Before we adjourn there is still the subject of when we meet again, and I do repeat my remarks that having regard to the time—we have only to look at the calendar to see how close we are to Christmas—and the desirability of having the information in the time at our disposal we should meet tomorrow, and while I recognize your desirability in the chair and while I recognize your qualifications to be in the chair, at least if you cannot be here I think a deputy chairman should be appointed for tomorrow because in the nature of the evidence outlined a discussion is going to relate to general activities of the department involved.

The CHAIRMAN: Because of the season I do not wish to fight with you.

Mr. DREW: Will we meet tomorrow?

The CHAIRMAN: No, the next meeting is on Tuesday. We need time to obtain the information.

Mr. DREW: Now, Mr. Chairman, we have got on very amicably this morning, but let us not get away from the fact that if we do not meet until Tuesday it could only be described as an intention to make this committee ineffective in this session. It is perfectly clear that we are not going to have enough meetings at the very outside to effectively cover the information that this committee should have if it really wants to get all the information about defence expenditures. Now, there is not any reason why this committee should not meet tomorrow.

Mr. BLANCHETTE: I was just going to observe that there are a lot of committees finishing and yesterday the public accounts committee, to which a number of the members of this committee belong, was at the instance of Mr. Fleming's strong representations called for tomorrow, and there is a lot of overlapping of these committees. I do not see how we can carry on with committees, some of which are finishing up in the last couple of days.

Mr. MACDONNELL: What about Monday?

Mr. DREW: I would suggest that—

The CHAIRMAN: Mr. Drew, I started out to say that we have asked for information and I have discussed the matter with the officials of the department and asked them to give us every bit of information available. They are working as hard as they can to collect that information. They would not like to bring half-baked or incomplete information and then have the question raised: "Why can't we have the answer on this today? Why was not the whole answer brought in?" The House has yet another week to live, I think.

Mr. DREW: I hope you are not regarding that amended motion before the House as a want of confidence motion?

The CHAIRMAN: By common consent we agree that we will sit another week. We will try during the week to get some of the information. I will speak to the departmental officials and ascertain whether the information is

ready. If it is ready I have no objection to calling a meeting on Monday. There is no reason I know of why that should not be done if that is the wish of the committee.

Mr. STICK: Mr. Chairman, we have a steering committee on this committee. Mr. Drew's suggestion is a reasonable one, but I think if we leave it to the steering committee—

Mr. DREW: Which one, tomorrow or Monday?

Mr. STICK: Mr. Chairman, I think as we have a steering committee we should leave the matter to be dealt with by the steering committee, to give consideration to the suggestion which has been made by Mr. Drew. They might find it possible to accommodate him. But we have a steering committee and I suggest that that steering committee do its work.

Mr. DREW: Mr. Chairman, why delegate to the steering committee our responsibility. We should decide what we want to do. I should think we ought to meet tomorrow, or at the latest on Monday; and I repeat my request for tomorrow. I think this committee is not going to be able to do its job, even the very limited job it might hope to do during this current session. There is only one course open to me as I see it, and that is to test the committee. I move that this committee when it adjourns today meet at 11 o'clock tomorrow morning.

The CHAIRMAN: It has been moved by Mr. Drew that this committee meet tomorrow morning at 11 o'clock.

Mr. DREW: If the chairman will undertake that we will meet at 11 o'clock on Monday, I am prepared to withdraw my motion; otherwise I can only regard it as a desire not to meet, but a desire to delay the whole committee.

The CHAIRMAN: I think it is just as well not to pass up that accusation, that there is a desire to stifle the committee. I can assure the committee that there is no such thought in my mind. I am just as anxious as any member on this committee to get on with our work. It is my money as well as everybody else's money. We are all concerned with it. There are billions of dollars being spent, and I want to know about that expenditure as well as anyone else. I would point out, however, that at the present time there are two things involved: there is the collating and obtaining of this information, and that is not just as easy as pushing a button, and it has to be intelligently presented in a form that is easily understood. The next matter is that there have been commitments by members for other committees. Now, I indicate that it might be quite possible that we could meet on Monday.

Mr. DREW: All right then, let's meet on Monday.

The CHAIRMAN: Mr. Stick has pointed out something which I think is important, that we should have a meeting of the steering committee and leave it to the steering committee to decide. I suggest we leave the matter to the steering committee. I think we will work it out.

Mr. MACDONNELL: And they might find it possible for us to sit on Monday.

The CHAIRMAN: Yes.

Mr. MACDONNELL: I think we should be able to have a meeting on Monday because even though the officials will not have an opportunity to bring down all the information, there will be enough of it available for us to be able to proceed on Monday. Well, if they can do it, that is O.K., and what they are not able to produce for our use at the meeting on Monday can be brought forward at our next meeting. I do not think that anyone believes there is not a great deal they could give us on Monday.

The CHAIRMAN: I think we will be able to call the committee on Monday, but in view of what Mr. Stick said I think we should have a meeting of

the steering committee. I have indicated what my view is, I do not think there will be any great difficulty about arranging a meeting for Monday morning.

Mr. DREW: There is only one point further that I would like to point out and it is this; it is quite possible to adjust matters by a motion of the House this afternoon. There has been further information of a general nature which it has been indicated ought to be presented to us and it can be presented to us without the necessity of inquiry as to whether the experts are going to have the other information available. I wish to repeat my motion, that when this committee rises, it rises to meet again at 11 o'clock tomorrow.

The CHAIRMAN: It has been moved by Mr. Drew that the committee when it rises today sits again tomorrow morning at 11 o'clock. All those in favour? Those opposed?

I declare the motion lost.

I will call a meeting of the steering committee for the purpose of discussing this matter further.

The committee adjourned to the call of the chair.



## APPENDIX I

OTTAWA, December 6, 1951.

THE ROLE OF THE TREASURY BOARD AND THE  
DEPARTMENT OF FINANCE IN DEALING WITH  
DEFENCE EXPENDITURES(Statement by R. B. Bryce, Department of Finance)  
presented this day

1. The formal procedures and responsibilities of the Treasury Board in dealing with defence expenditures and related matters are much the same as in similar matters relating to other Departments, with some modifications in detail to take account of the much larger size and number of the transactions and of the elements of the program and establishments. The major decisions in regard to the defence program, budget, and establishment are of such importance, however, that they are made by the Cabinet or by the Cabinet Defence Committee in the first instance, and the Treasury Board does its work within the framework of the policy so determined. The Department of Finance prepares material for the use of the Minister of Finance at the Cabinet or Cabinet Defence Committee in considering matters relating to defence expenditure. For this purpose the officers of the Department consult frequently and closely with the officers of the Department of National Defence and of the Defence Forces, and where necessary, of Defence Production. The form and nature of such consultations do not follow a formal or fixed pattern, but depend upon the circumstances in each case.

2. The Treasury Board consider and make decisions upon, or make recommendations to the Governor in Council upon, the following types of question relating to defence expenditures:

- (a) details of Defence estimates within the general program and budget approved by the Cabinet;
- (b) changes in the details of the Estimates that are recommended by the Minister or the Department of National Defence during the year, and which require transfers between allotments established within the Defence appropriations;
- (c) the authorization of specific construction projects within the defence program, many of which cannot be finally settled at the time the Estimates are approved;
- (d) changes in the scales of pay and allowances and the various regulations relating to pay and allowances and the conditions of service in the Forces;
- (e) special pension cases and problems. Formerly the Board authorized all pension payments, but the routine cases are now dealt with directly within the Forces and the Department of National Defence, under the recent amendments to the Act;
- (f) certain other special types of transactions, some of a relatively minor but troublesome nature, such as settlement of damage claims, ex gratia payments, special travel and removal claims falling outside the normal regulations, payments of capitation rates to other countries in respect of materials and services provided to the Canadian Forces, and purchase of office equipment;

- (g) allotment of funds for capital assistance projects undertaken by the Department of Defence Production under the Defence Production Act and related appropriations, such as Votes 77 and 681.

It may be noted that the Treasury Board do not consider and deal with the procurement contracts for the Department of National Defence, which are handled directly by the Governor in Council, in accordance with the details of the Defence Production Act.

3. In addition to the matters dealt with by the Treasury Board and the Cabinet Defence Committee noted above, the Department of Finance

- (a) assists the Minister of Finance in reaching agreement with the Minister of National Defence on the rank structure for the Canadian Forces within the total number of Forces authorized by the Governor in Council,
- (b) takes part in the working out with the Defence Department and Forces, the Chairman of the Chiefs of Staff, the Department of External Affairs and others of the arrangements with other countries under the North Atlantic Treaty, and the preparation of messages, instructions, and reports for Canadian representatives at meetings of the North Atlantic Treaty Organization, and
- (c) works out, with other Departments and agencies concerned, various financial and economic measures required to implement the defence program and offset any unfavourable economic effects of defence expenditures.

4. The Comptroller of the Treasury and his disbursing and accounting offices play a large role in the administration of defence expenditures. It is understood, however, that the Committee is to obtain a special statement on this subject later.

NOTE: This statement was distributed to the Members of the Committee.







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2nd sess.  
no. 3

Physical &  
Applied Sci.  
Serials

HOUSE OF COMMONS

Fifth Session—Twenty-first Parliament

1951

(Second Session)

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SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman—Mr. DAVID A. CROLL

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

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MONDAY, DECEMBER 10, 1951

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WITNESSES:

Mr. M. W. Mackenzie, C.M.G., Deputy Minister, Department of Defence Production.

Mr. C. M. Drury, C.B.E., D.S.O., E.D., Deputy Minister, Department of National Defence.

OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1951

## ERRATUM

### *Minutes of Evidence of December 6—No. 2*

Page 53—delete paragraph 6 and substitute the following therefor:

“Part of the information was given the other day in the House on Orders of the Day. The whole information as to why the De Havilland Comets were purchased should be produced to the Committee. I am not clear whether this evidence could be given by either of the Deputy Ministers from the two Departments here to-day but it is available in the Department and could be brought forward. The two aircraft, namely the de Havilland Comet and the Avro Jet Liner are not comparable but the reasons why they are not comparable are more or less technical. I think the Committee should have the reasons for the purchase and they can be produced.”



## MINUTES OF PROCEEDINGS

MONDAY, December 10, 1951.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Balcom, Blanchette, Campney, Cavers, Churchill, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Power, Quelch, Stick, Weaver, and Wright. (23).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Mr. T. N. Beaupre, Mr. G. W. Hunter and Miss Ruth E. Addison.

From the *Department of National Defence*: Mr. C. M. Drury, Mr. E. B. Armstrong, and Mr. A. S. Duncan.

From the *Department of Finance*: Mr. R. B. Bryce.

The Chairman tabled:

1. P.C. 6171—Composition of the Treasury Board.

(*See Appendix A*),

2. Mimeographed copy of Mr. Bryce's statement made on December 6, copies of which were mailed to the members of the Committee. (*See Appendix I to Evidence of December 6, No. 2*),
3. A correction in Mr. Mackenzie's statement made on December 6 last, copies of which were also mailed to the members.

The Committee resumed its consideration of defence expenditures and commitments.

Mr. Mackenzie was called. He gave full particulars with respect to the purchase of two De Havilland Comet aircraft, as asked by Mr. Drew, quoting from certified copies of requisition, correspondence, contract, purchase order, etc. The witness was examined thereon and he supplied additional information as requested.

The witness filed with the Clerk a certified copy of the above documents.

Mr. Drury was called and tabled the following documents in answer to questions asked on December 4th and 6th, namely:

Appendix B—List of senior appointments at National Defence Headquarters. (*Supplementary to Chart No. 2 distributed at meeting of December 4.*)

Appendix C—Personnel of the Defence Research Board.

Appendix D—Monthly rates of pay and allowances for all ranks for the Armed Services. (November 30, 1951).

Appendix E—North Atlantic Treaty Organization, Mutual Aid Program, (1950-51 and 1951-52).

Appendix F—Statement of estimates, allotments and expenditures for the Armed Services (1950-1951 fiscal year).

Appendix G—Cumulative statement of expenditures (forecast and actual) for the Armed Services. (1950-51 fiscal year).

Appendix H—Analysis of requests for contracts by Procurement Agency for the Armed Services. (1951-52 fiscal year).

Appendix I—Summary of expenditures for the Armed Services (1950-1951) and (1951-1952)—April 1—October 31, 1951, also for Defence Research Board and departmental administration.

Appendix J—Statement covering:

1. The cost of training, equipping and maintaining the 25th Brigade now in Korea,
2. The cost of R.C.A.F. participation in the Korea airlift,
3. The cost of naval operations in Korean waters.

Appendix K—Return showing the cost of training, equipping and maintaining the 27th Canadian Infantry Brigade.

Thereupon, Mr. Wright tabled a series of eight questions relating to defence contracts. (*See Evidence for details*).

Mr. Drury commented on the documents he tabled and was questioned.

In the course of his examination, he explained that the Standing Group of NATO was a military committee and he gave its composition.

In answer to questions, the witness read into the record figures concerning the special account of NATO Mutual Aid Program on ammunition and the transfer of armament equipment.

Mr. Drew expressed his surprise that answers to the various types of weapons for land, sea and air were not available at this meeting. The Chairman answered that these, along with other replies, would be given as soon as compiled and cleared by the departments concerned.

A discussion on the possibility of holding a meeting before Thursday next took place.

Mr. Drew moved that "when the Committee rises this day, it stand adjourned until Tuesday, December 11 at 11 o'clock a.m."

The question being put, it was resolved in the negative.

At 1.10 o'clock p.m., Mr. Drury's examination still continuing, on motion of Mr. Stick the Committee adjourned until Thursday, December 13, at 11 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*

## EVIDENCE

MONDAY, December 10, 1951.

The CHAIRMAN: Gentlemen, I see a quorum.

There are a few matters which I think we should dispose of. A question was asked by Mr. Bryce about the composition of the Treasury Board. He has made a return and I am putting it on the file. I do not think it is of great importance at the moment.

Mr. GEORGE: Mr. Chairman, will that appear in the record?

The CHAIRMAN: Yes.

(Appendix A: Personnel of Treasury Board).

Then you have all received a copy of Mr. Bryce's statement. I think we should also have that on the record to make sure that it will be there with the statement he made. That, I think, disposes of Mr. Bryce.

(See Appendix I—Evidence of December 6—No. 2: Duties of Treasury Board in relation to defence expenditures).

The members also received a correction of Mr. Mackenzie's statement deleting the first six lines of page 12 of his mimeographed brief and replacing them by a correction that he wishes to make. That will be done.

Now, at the last meeting, Mr. Drew asked for a certified copy of documents relating to the purchase of two de Havilland Comet aircraft. I will call Mr. Mackenzie.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production, recalled:**

Mr. WRIGHT: Before you call Mr. Mackenzie, Mr. Chairman, I asked for information about the members of the Defence Research Board. Is that information available?

The CHAIRMAN: Yes, Mr. Wright, as soon as Mr. Drew completes his questioning. We will then refer to questions by other members. (See Appendix C).

The WITNESS: Mr. Chairman, the purchase of two de Havilland Comets starts with a requisition received from the Department of National Defence by the Minister of Trade and Commerce. This was Requisition number 93, dated February 26, 1951, which covered a number of types of aircraft, but the item concerned was item number 9. I have here a copy from which I will read:

### *"Requisition*

To: The Minister of Trade and Commerce  
c/o Canadian Commercial Corporation.

There is n RCAF requirement for following:—

Item No.	Primary No.	Nature of Material or Work
9	62	Procurement of 4 Four-Engine Long Range Transport Aircraft

Funds have been requested in the 1951-52 preliminary estimates for the above items. Would you therefore arrange provision of the



above in accordance with detailed contract demands to be forwarded to the Canadian Commercial Corporation over the signature of the Deputy Minister or other authorized officers of the Department of National Defence."

That was recommended by D. M. Smith, and signed by C. M. Drury and by the Minister of National Defence.

Hon. Mr. DREW: Is that the full report on that subject?

The CHAIRMAN: It is coming.

The WITNESS: That was the first step. On September 19, 1951, the Rt. Hon. C. D. Howe, Minister of Defence Production, accompanied by departmental officials including Mr. A. C. MacDonald, deputy coordinator, production branch, visited the de Havilland plant in London, England, and inspected and flew in the Comet 1A jet aircraft. Following this visit Mr. Howe instructed Mr. MacDonald to determine whether any of these planes were available from production. Mr. MacDonald was advised by Mr. Thom, of de Havilland, that none were available from production but that a French airline company had an option on two aircraft, although there was some doubt as to whether they would exercise this option. Under those circumstances Mr. Thom suggested that a non-exclusive option at no cost to the Canadian government could be granted for these aircraft if Canada so desired. Mr. Howe, believing that the Department of National Defence might be interested in these aircraft, arranged for a non-exclusive option at no cost to the Canadian government until October 7th. The offer and acceptance of the option were confirmed in an exchange of letters between the Rt. Hon. C. D. Howe and Mr. C. S. Thom, business director, of the de Havilland Aircraft Company Limited. I have these two letters here, if you would like to have them read.

The CHAIRMAN: Would you, please?

The WITNESS: This is one letter:

September 20, 1951.

The Rt. Hon. Mr. C. D. Howe, P.C.,  
c/o Miss Rooney,  
Office of the High Commissioner for Canada,  
Canada House, Trafalgar Square, London S.W.1.  
Sir:

Confirming our telephone conversation last night with Mr. A. MacDonald, we have the honour to offer to the Canadian government a first option, covering the whole of the world less France on two Series IA Comets, Numbers 17 and 18, which are scheduled for the delivery in December 1952 and January 1953. The price of the aircraft is £450,000, each ex-works, fully equipped to B.O.A.C. specification, but less radio, which would be installed to the Canadian government's requirements.

We agreed that this option would come into force today, and will extend until October 7, 1951.

An option on these two aircraft is already held in France, but this option specifically excludes the North American continent, where we have retained our right to sell the two aircraft in question.

We trust that this arrangement is satisfactory to the Canadian government, and that we may look forward to their esteemed order.

We have the honour to be, sir,

Your obedient servants,  
for The de Havilland Aircraft Company Limited.

(Sgd.) C. S. THOM,  
Business Director.

Mr. Howe replied to that from London, England, on September 20, 1951:

I wish to thank you for your letter of September 20. The matter of the possible purchase of two Series IA Comets, Numbers 17 and 18, will be given early consideration by my Government.

Subsequently this option was extended to October 14 by an exchange of wires between Mr. A. C. MacDonald and Mr. Thom. On the 5th of October Mr. A. C. MacDonald, Division of Defence Production wired to Mr. Thom.

Your letter to Right Honourable C. D. Howe granting option on two Comets until October seventh with reservation respecting France. Air force officers here actively progressing recommendation which at this stage appears favourable and would greatly appreciate your extending option closing until October tenth, nineteen fifty-one. Please cable undersigned.

That was replied to by Mr. Thom on the 6th of October in which he cabled Mr. MacDonald:

Your cable received very pleased extend option further week compliments.

As Mr. Howe planned to remain in the United Kingdom until the end of September he directed Mr. MacDonald who was returning to Canada to advise the Department of National Defence regarding the existence of this option. On September 25, Mr. A. C. MacDonald advised Air Marshal W. A. Curtis, Chief of Air Staff, of the option.

The Department of National Defence decided that the acquisition of the two Comets offered in the option would satisfactorily meet an outstanding requirement for four engine long range transport, to meet the normal attrition of this type of aircraft. I am advised by National Defence, who made this decision, that these are the considerations which led them to this conclusion. Two other considerations dictated the desirability of acquiring the Comets. One of those is the necessity for providing personnel of air transport command with first hand familiarization in both operation and maintenance of modern high speed multi-engined jet transports. The other is the urgent requirement for having an aircraft capable of simulating flight conditions of a modern strategic bomber attack. This is required in order to exercise the air defence system in this country in a realistic and adequate fashion.

Consideration was given to the utilization of the Avro jetliner as an alternative but was rejected on the following grounds:

The jetliner is in the prototype stage only and further development is required. The additional development and production for the small R.C.A.F. requirement would be a very costly matter since these would have to be absorbed over a very few units. Furthermore, an indefinite lengthy period would elapse, probably in excess of two years, before additional aircraft became available.

Any additional effort expended on the jetliner would have a direct effect on the output of the CF-100 production.

The de Havilland Comet is a proven type currently in production and therefore will be a cheaper aeroplane.

The de Havilland Comet offers the R.C.A.F. a much greater flexibility in employment than the Avro jetliner since it has a much longer range and considerably greater payload.

I might say that just before the option expired, in a telephone conversation from Mr. Claxton to Mr. Howe, Mr. Howe was advised that the air force were proposing to buy these Comets and further informal advice went to the de Havilland company.

The next document on the record is dated October 9 and is a formal contract demand. I perhaps should say, Mr. Chairman, that in my evidence the other day I referred to a contract demand carrying the signature of the Minister of National Defence. I used the wrong term. The original document the minister signs is a requisition; the contract demand is a subsequent document to the requisition. I just say that for the correction of the record.

This document reads as follows:

Service Ref. No.	Part or Stock No.	D. H. DEHAVILLAND COMET TRANSPORT Detailed Description of Requirements (Complete details will facilitate purchase)	Section No. Misc.	Quantity required	Amount Encumbered
Note		CD 511673 is raised for the purchase of DeHavilland Comet 4 engine Transport Aircraft (four D.H. Ghost gas turbine engines) and provisioning of Airframe Spares, Spare engines, a/c and engine accessories and publications.....			
	A	DeHavilland Comet 4 engine transport (c/w 4 D.H. Ghost gas turbine engines).....ea		2	
	B	Spare Engines Ghost Gas turbine.....ea		8	
	C	Spares to be supplied to the following percentage value Range and quantity to be advised later— (i) Airframe Spares (15% of unit cost)..... (ii) Engine spares (to be advised later)..... (iii) Engine and Aircraft accessories (to be advised later).... (iv) Electronic Equipment and Spare (to be advised later) . (v) Other GFP Spares and spare parts (to be advised).....			
	D	Special tools and Ground Handling equipment (to be advised).			
	E	Publications (to be advised).....			
	1	Delivery of aircraft to be ea 1 before 31 Mar 52 and ea 1 after 1 April during fiscal year 1952-53.			
	2	Inspection to be arranged by AOC AMC Inspection.			
	3	Delivery of Aircraft arranged by AOC AMC.			
	4	Inspection Receipt Vouchers to be prepared by consignee designated.			
	5	Price shown on CD is an estimate only; any additional funds required are to be referred by means of a DDP-16 to RCAF Liaison Officer, Room B251, No. 2 Temp. Bldg.			
	6	All shipments against this CD must be accompanied by priced shipping documents for customs purpose.			
	7	All customs clearances and Sales Tax on equipment affected by this CD will be cleared by consignee.			
	8	Copies of Acceptance of Tender are required by— CTO/DND.....1 copy      AMC.....5 copies DAF.....2 copies      Consignee.....3 copies			
		Total Estimated Cost.....\$ 3,500,000.00 Cash.....\$ 1,750,000.00 *F.Y.....\$ 1,750,000.00			
		Oct. 9, 1951.      *FUTURE YEARS COMMITMENT			

This bears six or seven signatures:

A. E. McKnight; G. J. Lanigan; T. L. Doolittle; V. S. J. Millard; and it is certified that provision has been made in the approved estimates for that commitment and that the appropriate item has been charged therewith—that is signed by O. J. Gillin; it has been certified by the chief treasury officer that



the unencumbered balance is available for the current fiscal year's expenditure—signed C. A. Morrow; and it is signed for the Department of National Defence by A. B. Coulter.

On November 16, the Minister of Defence Production forwarded to council a submission recommending purchase of the two Comet transports.

Mr. DREW: On November 16?

The WITNESS: Yes.

The undersigned has the honour to represent:

That a requisition has been received from the Department of National Defence requesting that the undersigned arrange for the procurement of two (2) De Havilland Comet (Mk. I) Aircraft, complete with 8 Spare Engines therefore, and a quantity of Ancillary Equipment consisting of Spares, Accessories, Special Tools and Ground Handling Equipment, and Publications for the maintenance of the said Comet Aircraft, to meet the requirements of the Royal Canadian Air Force;

That negotiations were entered into with the De Havilland Aircraft of Canada Limited, Toronto, Ont., the Canadian subsidiary of The De Havilland Aircraft Company, Hatfield, England, who is the manufacturer of the Aircraft required, as a result of which it has agreed to supply the said Comet Aircraft at a price of £450,000 each, f.a.f. Hatfield, England, and has agreed to supply the said Spare Engines and Ancillary Equipment on a "price to be negotiated" basis, which price is presently estimated to amount to \$812,672.00;

That the undersigned proposes, subject to the approval of Your Excellency in Council, to enter into a contract with The De Havilland Aircraft of Canada Limited covering the supply of the said 2 Comet (Mk. I) Aircraft, Spare Engines and Ancillary Equipment, on the foregoing basis:

That the said contract is to provide for payment to the contractor as follows:

1. Twenty-five per cent of the total of the above mentioned prices per aircraft and estimated cost of Engines and Ancillary Equipment when the said contract is placed;
2. Twenty-five per cent of the price per aircraft when the said aircraft shall be 60 per cent complete;
3. Thirty per cent of the price per aircraft when the said aircraft shall be 90 per cent complete;
4. The balance of the price per aircraft upon delivery of the said aircraft;

That the total expenditure involved, presently estimated to amount to \$3,512,672.00, is chargeable to Department of National Defence Financial Encumbrance No. 47412;

That the proposed contract is in the public interest.

The undersigned, therefore, has the honour to recommend that authority be granted to enter into a contract with The De Havilland Aircraft of Canada Limited, accordingly.

Respectfully submitted,

C. D. HOWE,  
*Minister of Defence Production.*

Then there is the order in council passed on the 20th of November, 1951, bearing number P.C. 6213. This is certified to be a true copy of a minute of a meeting of the Privy Council, approved by His Excellency the Governor General on the 20th of November, 1951.

The Committee of the Privy Council have had before them a report, dated 16th November, 1951 from the Minister of Defence Production, representing:

That a requisition has been received from the Department of National Defence requesting that the minister arrange for the procurement of two (2) de Havilland Comet (Mk. 1), aircraft, complete with 8 spare engines therefor, and a quantity of ancillary equipment consisting of spares, accessories, special tools and ground handling equipment, and publications for the maintenance of the said Comet aircraft, to meet the requirements of the Royal Canadian Air Force;

That negotiations were entered into with The De Havilland Aircraft of Canada Limited, Toronto, Ont., the Canadian subsidiary of The De Havilland Aircraft Company, Hatfield, England, who is the manufacturer of the aircraft required, as a result of which it has agreed to supply the said Comet aircraft at a price of £450,000 each, f.a.f. Hatfield, England, and has agreed to supply the said spare engines and ancillary equipment on a "price to be negotiated" basis, which price is presently estimated to amount to \$812,672.00;

That it is proposed, subject to the approval of the Governor in Council, to enter into a contract with The De Havilland Aircraft of Canada Limited covering the supply of the said 2 Comet (Mk. 1) aircraft, spare engines and ancillary equipment, on the foregoing basis;

That the said contract is to provide for payment to the contractor as follows:

1. 25% of the total of the abovementioned prices per aircraft and estimated cost of engines and ancillary equipment when the said contract is placed;
2. 25% of the price per aircraft when the said aircraft shall be 60% complete;
3. 30% of the price per aircraft when the said aircraft shall be 90% complete;
4. the balance of the price per aircraft upon delivery of the said aircraft;

That the total expenditure involved, presently estimated to amount to \$3,312,672.00, is chargeable to Department of National Defence Financial Encumbrance No. 47412;

That the proposed contract is in the public interest.

The Committee, therefore, on the recommendation of the Minister of Defence Production, advise that authority be granted to enter into a contract with The De Havilland Aircraft of Canada Limited, accordingly.

On November 28, the Department of Defence Production sent a purchase order to the de Havilland Aircraft of Canada Limited for two de Havilland Comet 4-engine aircraft, and eight ghost gas turbine engines, and appropriate spares. This purchase order was confirmed by C. H. Dickens on behalf of de Havilland Aircraft of Canada Limited on December 4, 1951.

On November 27, the Department of National Defence announced the purchase of two Comet Transport aircraft.

The actual purchase order is here, Mr. Chairman. It repeats all these technical details. Would you like to have it put on the record?

Mr. DREW: I would not think there is any necessity of having it put on the record, Mr. Chairman.

The CHAIRMAN: I think we ought to have it on the record, but you need not read it all if it is repetitious.

The WITNESS: It sets out all the particulars of the payment.

The CHAIRMAN: It has been covered by the order in council?

The WITNESS: Yes, but it is probably in a little more detail.

The CHAIRMAN: If it is something that this committee ought to have, this is the opportunity to deal with it. So you had better read it.

The WITNESS:

# DEPARTMENT OF DEFENCE PRODUCTION

Ottawa, November 28, 1951.

The De Havilland Aircraft of Canada,  
Station "L",  
Toronto, Ontario.

Attention: Mr. C. H. Dickens.

All invoices, shipping bills, waybills, packing slips and packages must show all the following purchase order numbers.

B.18-38-217/AIR/C.D. 511673/FE 47412 P.C. 6213  
2-B-1-714-CDEF-101

Serial

## PURCHASE ORDER

Please sell and/or supply to His Majesty the King in right of Canada, upon the terms and conditions set out herein and on the reverse side hereof, the supplies and/or services listed below and on any attached sheets or schedules at the price or prices set out therefor.

Delivery is to be made—see below.

Consign shipment to—to be arranged.

F.O.B.—see below.

Sales Tax—see below.

Cash Discount Terms—net.

Quantity	Item, Part or Ref. No.	Description of Supplies	Price
2 only		De Havilland "Comet" four engine Transport Aircraft (4DH Ghost Gas Turbine Engines) equipped to standard specification, less radio.....	Canadian dollar equivalent to £450,000-0-0 each
8 "		Ghost Gas Turbine Engines.....	To be arranged
		Following spares are to be provided with details to be supplied later:	" "
		1. Airframe Spares 15% of unit cost.....	
		2. Engine Spares.....	
		3. Engines and Aircraft Spares.....	
		4. Electronic Equipment and Spares.....	
		5. Special tools and ground handling equipment.....	
		6. Publications.....	

Invoices less Progress Payments made.

INVOICES: To be made out to and paid by Dept. of National Defence. Send original and two (2) copies to Consignee; one (1) copy to Chief Treasury Officer, Dept. of National Defence, "A" Building, Ottawa, Ontario; and one (1) copy to Department of Defence Production, Ottawa, Ontario.

Vote: 600-62-73-575 HQ. FILE: MISC 511673

Est. Cost  
\$3,512,672.00



**DELIVERY**

One Aircraft is to be delivered by December 1, 1952, second aircraft by January 1, 1953. Delivery of spares to be arranged.

**PAYMENT**

On receipt of this order there will become due and payable to you the Canadian dollar equivalent of £254,930 sterling representing 25% of the price of the aircraft and 25% of the estimated price in the United Kingdom in pounds sterling of the eight spare engines. In addition, there will become due and payable to you an amount of \$100,000 representing 25% of the estimated cost of the spare parts.

On receipt of documentary evidence of 60% completion of each aircraft, a further payment in the Canadian dollar equivalent of £112,500 sterling per aircraft shall become due and payable and on receipt of documentary evidence of 90% completion of each aircraft a further payment in the Canadian dollar equivalent of £135,000 sterling per aircraft shall become due and payable.

A certificate signed by the RCAF Inspector or the representative of the RCAF's duly authorized inspection agency will be accepted as evidence of percentage of completion.

The balance of the price of each aircraft will be paid on acceptance of the aircraft. The balance of the price of spare engines and spare parts will be paid on delivery to, and acceptance by RCAF.

Inspection to be to the satisfaction of the Air Officer Commanding, Air Material Command, R.C.A.F., Ottawa, or his authorized representative, by whom arrangements for inspection at source or destination will be concluded, and to whom all matters pertaining to the inspection or acceptance of goods should be referred, and to whom the contractor will apply for any technical information regarding the goods or work supplied under this contract, unless otherwise specifically directed.

All shipments against this order must be accompanied by priced shipping documents for customs purposes.

The above mentioned price shall include delivery of the Aircraft F.A.F. Hatfield, England. Spare engines and spare parts will be delivered by you F.O.B. Cars, Toronto, Ontario.

*Sales Tax* on aircraft will be paid by RCAF as RCAF will take title to Aircraft in the United Kingdom. *Sales Tax* on spare engines and spare parts to be paid by you and included in final prices agreed upon.

Supply and installation of radio, if required, to be negotiated when RCAF requirements are known.

General Condition (Secrecy and Protection of work) contained in Form CCC-314A shall be applicable to and shall form part of this Purchase Order.

Accepted by the de Havilland Aircraft of Canada Ltd.

C. H. DICKENS, Director.

(Returned under date of Dec. 4/51)

MINISTER OF DEFENCE PRODUCTION

Per W. F. Murphy.

By Mr. Drew:

Q. Does that complete the picture?—A. I think that is the complete story, Mr. Chairman.

Q. Then, having regard to that, I am interested in the sequence of events from this point of view: on December 3, 1947, by P.C. 4436 the Canadian government decided to support the development and construction of an aircraft known as the C-102 jet transport. You are aware of that order in council, Mr. Mackenzie, and under that order in council various sums were advanced for the development of that aircraft. Do you know the total amount that was advanced in connection with the development of that aircraft?—A. The total amount advanced to October 31, 1951, by the Canadian government was \$6,568,363.

Q. Is any more payable under that order in council?—A. There is an item in the estimates of the Department of Defence Production, and if my memory serves me correctly, it is \$1 million. That is in the estimates for this year. For the first seven months of 1951-1952, \$275,000 has been spent against that \$1 million. There may be some other charges, but I can say that they will undoubtedly be small, because the work has been largely suspended in order to get on with the other items in the plant.

Q. You say the work has been suspended?—A. Largely suspended.

Q. What is still being done in that connection?—A. In the first place, one prototype only has been made. The prototype is there but the development of it is not going ahead very fast at the moment. It has been set aside in order to get on with production of the more important item—the fighter aircraft. I cannot say that work has been completely stopped, but the great bulk of the efforts of the A. V. Roe Company has been directed to fighter aircraft.

Q. I am interested only from this point of view: I do not think that anyone who has been following the development of jet transport is in any doubt about the status of the de Havilland Comet. I recall the demonstration of the jet liner here on March 12, 1950, which, I fancy, a number of those who are here today also attended. But I was under the impression that it represented a model that was in production. What we saw under demonstration at that time. We were given an explanation of its speed and its utility. That would indicate, I think, one of the things that naturally concerns this committee, namely the fact that this demonstration was put on by the Department of National Defence in a manner and with explanations which gave the impression that this was the presentation of a proved aircraft. There was undoubtedly a suggestion that it was intended as a transport aircraft which, in addition to any other uses, would be available for military transport service as well.

Now, you do not indicate exactly how much is still being done, but according to what you say, development of this aircraft has been substantially stopped.

I was interested in an item which I saw in a very reliable publication in the United States, the *Newsweek* of December 10, from which I quote at page 69:

... a major U.S. airline has indefinitely put off plans to put the Avro jetliner into service. Avro Canada stopped making it to turn out jet fighters.

Do you know of any arrangement made with a major United States airline to use the Avro Jet liner?—A. No.

Q. That would not come to your attention. The reason I ask you is that the activities of A. V. Roe are very substantially under constant supervision by the

officials of your department through the association of that plant with the department with which you are associated. That is correct, is it not?—A. Yes, indeed.

Q. There were a number of things which gave rise to the belief that this was a practical air liner because on June 7 last year, there was a British United Press dispatch from Sydney, Australia, dated June 7 which said:

... Canada's Avro jetliner will operate regular transport flights across the Australian continent before the end of 1950, air line officials said today.

I merely mention that there was some reason to believe that this jet liner had reached a point at which there was a fair measure of production.

I understand that one of the things which held up commercial delivery was the orenda engine which was to be installed in it. Is that correct?—A. No, sir.

Q. Was it the orenda engine which was in the one which was flown here?—A. No, sir. I am almost certain that the C-102 jet liner was never intended to be powered by the orenda. I know that the prototype which is now flying certainly does not have the orenda engine.

Q. I know that, but at that time, on March 12, 1950, neither did the CF-100. That is correct, is it not?—A. I could not say as to that specific demonstration. The CF-100 has flown with an orenda engine.

Q. But at that time, you will recall, there were English engines, were there not?—A. That is correct. But I understand that the 102 is not designed—I am sure that it is not designed for the orenda engine.

Q. Then it would seem to me to be of direct interest to this committee to know what the decisions of your department were. I am not speaking of policy, but of decisions from the point of view of the considerations which led to that decision, to at least suspend for all practical purposes the development and production of the Avro jetliner because I recall that great emphasis was placed on the fact that we must not be dependent on aircraft produced either outside of Canada or outside of this continent.

I recall as an example a number of reports and I shall refer to one specific report dated April 20, 1949. This report appeared in the *Toronto Daily Star* of that date, and I read:

Had the RCAF selected the British Vampire as the backbone of its first-line fighter strength, Canada would soon have a "complete orphan" in its air force, R.C.A.F. officials declared today. Under the best circumstances necessary for the growth and maintenance of an adequate fighter force, the latest Vampire would be non-standard with both the U.S. air force and the R.A.F.

I recall a number of cases when we were told that the reason that it was not desirable to acquire newer types of Vampires was because of the fact that it would be undesirable to have what were described as orphans. In what way does the general decision with respect to the De Havilland Comet differ from the decision that was made in regard to the other types of aircraft?—A. Mr. Chairman, this is essentially a question for National Defence, but I think I can say this with safety, that there is a very great difference between buying two transport aircraft in order to gain experience with four-engine jet aircraft and a decision to embark on production of a particular type of fighter aircraft to equip a whole fighting force. It seems to me the two situations are quite different.

Q. Perhaps I can ask a question which will throw some light on that. One of the reasons that you gave for the decision to buy this particular aircraft



was that it would make it possible to simulate flight conditions in a bomber attack. Are any jet bombers on order?—A. There are no jet bombers on order by the Canadian air force.

Q. Or by the Department of Defence Production?—A. I should say by the Department of Defence Production. I should say that the explanation of the decision to purchase which I read was the explanation given me by the Department of National Defence, because we in the Department of Defence Production do not decide or assess the reasons why they want or do not want transport aircraft.

Q. I realize that. I was simply asking the question whether any jet bombers of any type are now on order by the Department of Defence Production?—A. No, sir.

Mr. WEAVER: Could I ask the witness the difference in range between the Comet and the Avro jet air liner?

The WITNESS: Mr. Chairman, I can give a certain amount of information. I am not going to pose before the committee as an expert on aircraft, or on the comparability of aircraft. I have a few notes here that were supplied to me by some of our officials. The ultimate range of the Comet is 3,450 statute miles, and that of the Avro jet liner is 2,000 statute miles. The pay load of the Comet at ultimate range is 10,000 pounds. The pay load of the Avro jet liner with a range of 1,250 miles is 10,000 pounds. I must beg off getting into any detailed explanation of ranges because it is all tied up in with pay loads and speeds and altitudes, and all sorts of technical details.

*By Mr. Drew:*

Q. One of the questions that you may or may not be able to answer, but which would be disclosed by what you have examined, is why it was decided to buy the Comet with the Ghost when I understand that the Mark II Comet will have Rolls Royce Avons of a much greater thrust. Do you know if that consideration came before your department?—A. I do not think it came before our department. Certainly the specifications as written by the air force specified the Ghost engines.

Q. Are you aware of the fact that the Mark II is being equipped with the Avon?—A. I am afraid I am not familiar with that.

Q. I merely mention that because I understand the Mark II is being equipped with them, and that it is a much more powerful engine.

Mr. McILRAITH: It seems to me we are now getting into a situation which involves the giving of evidence, and I think that if we are going to have some evidence we should have it all.

Mr. DREW: I think we would be glad to have it all.

Mr. McILRAITH: The point, Mr. Chairman is this: we are being told that this plane is now being equipped with this new engine. Now, it seems to me we should be told the next step, when, because in it there is a question of delivery. Dates become important in all these discussions on production, and if there is any further knowledge on that point by the Leader of the Opposition if he would let us have it, it would be helpful.

Mr. DREW: I cannot, of course, give the delivery dates, but Janes Aircraft which came out last week gives the details of the Comet II with the Avon engines and describes it "in production".

Mr. McILRAITH: It does not say when those will be ready for delivery.

Mr. DREW: That is what the Department of Defence Production can give us.

Mr. McILRAITH: I object to having evidence of that sort put on the record unless it is put on completely. You can see the danger we are getting into. I do not think it is too germane at the moment, but if there is information as to the date that it can be delivered we should have it.

Mr. DREW: That may be one reason why they did not do it. I do not think the Department of Defence Production is responsible for ascertaining facts of that kind. The request was simply for four long-range transports without even asking for jets, and the proceedings from that point on were proceedings that resulted from the indication by the Department of Defence Production that this was a desirable aircraft, so I was merely asking a question in relation to a new type which has been off the secret list a long time and on which I thought the Department of Defence Production could tell us what the delivery date would be.

The CHAIRMAN: I understand Mr. Drew asked a question. I do not understand that he is to give information. Information is to come from the witness.

Mr. DREW: Quite right.

Mr. McILRAITH: That was my point.

The CHAIRMAN: A good point, and we will be a little more careful in asking further questions.

Mr. DREW: Certainly there cannot be much uncertainty or secrecy about those that are shown in Janes Aircraft as being machines now in production.

The CHAIRMAN: Quite right.

*By Mr. Drew:*

Q. I recognize that the witness is not in a position to do more than simply describe the actual steps that have been taken. Questions of policy are beyond the realm of both his authority and what he should be permitted to answer, so I will not ask them. I am merely asking if in making the decision from the point of view of money and the consideration of money, if in the discussions of which he is aware there was a discussion as to the number of millions of dollars that had been invested in the jet liner known as the C-102, and if information was obtained as to when that might be in production and when that might be delivered with such new types of jet engines as might be available, and with the installation of English engines if the Canadian government was going to turn to English equipment, because that would have to be a further consideration that involved the expenditure of money for advance performance. Are you aware of any discussion along that line as to the comparative dates on which delivery might be expected of the C-102 as compared with the de Havilland Comet?—A. I cannot give any precise date, Mr. Chairman. It was clear that, to carry through and build two Avro jet liners, they would have to be built as a custom job. There were no other firm orders on the books; therefore, you would have to go about setting up production, setting up tooling, and really building two custom-built aircraft, which is a different thing from buying aircraft coming off a production line. Whatever the time would be, it would certainly have been longer to make delivery of two of those aircraft to the air force than the delay required in getting two Comets, which type had proceeded to a much more advanced stage in development, which was in production and being sold commercially around the world. You asked the question with what engines the subsequent Marks of the Comet are going to be powered. All I know is that every jet engine manufacturer in the world is working on some new development and some new Marks and improvement of their engines. As and when those

engines come into production is a matter than only time will tell. But what was available were two aircraft with proven engines that would serve the purpose for which the air force raised the demand.

Mr. CAMPNEY: Did you not say that another major consideration was the desirability of the Avro concentration on CF-100—

The CHAIRMAN: Members cannot hear a word you say, Mr. Campney. Would you speak a little louder? Ask the question again so that all members in the room can hear.

Mr. CAMPNEY: I asked Mr. Mackenzie whether in fact the desirability of the Avro Company concentrating on CF-100's long-range bombers was not another factor in that procedure. I understood you to say so earlier.

The WITNESS: That factor is the reason that the Avro Company was directed and encouraged to concentrate all their efforts on the development of the fighter and the reason that the development of the jet liner was slowed down. Therefore it is a contributing factor to the possible availability of delivery.

Mr. DREW: There was one point I want to clear up on the record. Mr. Campney asked about the concentration on C-100 bombers.

The CHAIRMAN: He meant fighters.

Mr. CAMPNEY: Of course I meant fighters.

Mr. DREW: That is better.

*By Mr. Adamson:*

Q. The witness said that the jet liner production was slowed down. I understood it was stopped altogether. Which is correct?—A. To all intents and purposes it was stopped. There may be some small items of expense going on, but to all intents and purposes it has been stopped, and this is evidenced by the fact that in the seven months of 1951-52 the total amount that the Canadian government has contributed to its development is \$275,000.

Q. Have you any estimate of what that aircraft has cost up to now?—A. I gave the figure earlier.

Q. I am sorry.

*By Mr. Drew:*

Q. That is the Canadian government's contribution. Do you know whether the company would have expended an amount above that?—A. Yes, it has.

Q. Do you know what that amount would be?—A. Yes, during the same period the company has expended \$2,317,772, a total of \$8,886,135.

Q. Which is directly chargeable to this particular aircraft, to its development?—A. That is the total cost of the development of the aircraft.

*By Mr. Macdonnell:*

Q. Mr. Mackenzie has referred to setting aside the work which was going forward on this type and he has explained very clearly the reasons which impelled the department to order the two de Havillands, because, as he said, the Canadian product would have had to be custom built, there being no other demand for them. Were those considerations in people's minds when the decision to spend that large amount of money took place, or have there been new conditions set up which have necessitated the virtual abandonment, as I understand it, for an indefinite time, of the work on which so much had been invested?—A. Well, I think the evidence here perhaps will help to clear up Mr. Macdonnell's point. The Canadian government's contribution to the development of the C-102 in the year 1950-51—



The CHAIRMAN: May I suggest that you break those figures down, and by doing that you will help the committee. Members of the committee will not see them for a little while. Could you have these figures broken down by years?

The WITNESS: I should just put in this qualification, that the figures for the first three years are in round figures. They are more accurate in the last two years. I will read, first of all, the figures of the Canadian government's contribution to this project.

In 1947-48, \$1,500,000; 1948-49, \$2,000,000; 1949-50, \$1,500,000; 1950-51, \$1,293,363.

Then 7 months to date in 1951-52, \$275,000; total, \$6,568,363.

The A. V. Roe Company contribution during the same years:

1947-48, \$580,000; 1948-49, \$705,000; 1949-50, \$585,000; 1950-51, \$293,169.

Then 7 months to date in 1951-52, \$154,603; total, \$2,317,772.

So that the falling off in expenditures starts in 1950-51 and is fairly well down in the first 7 months 1951-52, whereas the purchase of the Comet developed only really in the last few months; starting, as I explained, from Mr. Howe having a ride in a Comet in September of this year. He seemed to be impressed that this airplane might serve the purpose very satisfactorily.

Mr. MACDONNELL: If I understand you correctly the drop-off in expenditure began at the beginning of the current fiscal year. There had been already indicated a very marked decrease. And now, has that any significance? Does that indicate that there was already a change in mind, or am I attributing some significance that is not there? Do I make my point?

The WITNESS: I think I see what you are getting at, Mr. Macdonnell. The falling-off here is an indication of the added pressure that had been put on to the development of the CF-100 fighter, and it was done at the expense of development on the C-102 jet airliner.

Mr. WRIGHT: Can we have those figures again, Mr. Chairman?

The CHAIRMAN: Sorry, we can't hear you, Mr. Wright.

Mr. WRIGHT: Could we have similar figures for the fighter planes as you have just given us for the transport?

The WITNESS: I haven't the figures here, and that is another matter altogether.

Mr. MACDONNELL: Mr. Chairman, might I ask one further question. When you described the setting aside of the work, as being largely suspended, is that because of want of factory space or want of labour or why is it that this could not have gone on longer?

The WITNESS: There are a number of considerations there. I should think one of the most important is the shortage of senior engineering ability and general managerial skill; that the top directorate of the Avro were asked to put their best foot forward on the fighter, and if necessary for that purpose really to suspend their activity on the jet airliner.

*By Mr. Drew:*

Q. I would suggest, Mr. Mackenzie, following that explanation, that factory space would hardly be a factor because I think you will agree with me that very substantial additional factory space has been built there in their forward development of the CF-100. Is that not correct; I mean, within the last few months?—A. There has been to my knowledge no new space at the A. V. Roe Company plant provided for making airframes.

Q. That is quite so, but is it not true that in order to get into production that a plant has been built or is being built at the present time at Malton for that purpose?—A. There is a new engine plant being built at Malton.

Q. Exactly.—A. That is for engine design and production, not for airframes.

Q. Of course any type of development goes into the same type of walls, and I would imagine that if you decided to proceed with this program of production you would have been able to arrange for the provision of a larger plant at Malton for that purpose similar to the new plant for engine production.—A. No, sir. The engine plant is an entirely separate operation.

Q. I realize that.—A. And there would not be room, I am quite sure, in the A. V. Roe airframe operation to build both at the same time.

Q. I would not suggest that it be put either in the present airframe operation or in the new engine building. I am merely suggesting that if there had been reason to go ahead on the new jet liner that at the same time as orders were placed for the new engine building at Malton the proprietors or the government could also have placed orders for new space for this further airframe production.—A. I suppose it could have been done if circumstances had warranted it.

Q. Yes. Then I want to go back for a moment to one further question referring to development. I understand that it was intended to acquire an aircraft that would be able to simulate the flight conditions of a bomber attack. That implies, of course, the training of bomber crew. I then come to this question. Is it at present planned to order jet bombers? I am only asking you, what is under consideration; or, whether a decision has been made?—A. Mr. Chairman, that would not be for me to answer. This department, the Department of Defence Production, can only deal with the orders which it has received.

Q. Well then, have any decisions been communicated to you about the placing of orders for jet bombers?—A. No, sir.

Mr. FULTON: It seems to me that the discussion here of the situation as regards discontinuing the development work on jet airliners possibly indicates a situation which is closely parallel to what, as far as I have been able to gather, exists in the United States where there is a difference of opinion between the over-all defence production direction there and the defence personnel themselves as to whether there is a sufficient cut-back in civilian production in United States so as to allow for the defence production which the Defence Departments want. I would like to ask Mr. Mackenzie what the position is here and whether in fact the decision to discontinue the development work on the jet airliner and to concentrate on the CF-100, is indicative of at least a tendency towards a cut-back of civilian production and effort, and a further concentration on defence.

The CHAIRMAN: Mr. Fulton, I think that is possibly a question of policy. Do you really think that Mr. Mackenzie is the person who should answer that? He is here for the purpose of giving information to this committee on matters on which the committee has jurisdiction. Don't you think you are getting a little far afield?

Mr. FULTON: Well, I assume, Mr. Chairman, Mr. Mackenzie, being the deputy minister of the department charged with matters relating to defence production, would be aware of the decisions that have been taken, if they had been taken, as to the issue either of instructions or orders, whatever they may have been, to cut back civilian production and to concentrate on defence program.

The CHAIRMAN: If such a decision had been made we would have been informed of it in the House of Commons.

Mr. FULTON: But, Mr. Chairman, they are not always announced in that form.

The CHAIRMAN: If a decision of that kind had been taken it would have been a decision at the highest level; it would have been a policy decision and would have been communicated to us in the ordinary way.

Mr. FULTON: No, I do not think so, that does not follow at all.

The CHAIRMAN: It should follow, and it usually does.

Mr. MCILRAITH: Mr. Chairman, if I may: isn't that a question of policy? Surely, the deputy minister is not the one to give evidence on policy decisions, as to what decisions have been taken or may be taken. It seems to me that is absolutely beyond the evidence which a deputy minister should be expected to give.

The CHAIRMAN: Let us for the moment deal with the matter we have before us without waiting any decision on Mr. Fulton's questions.

Mr. FULTON: What was the matter before us?

The CHAIRMAN: The matter before us was the request made by Mr. Drew relating to the purchase of two de Havilland Comet aircraft. I think, in fairness to other members of the committee who are not as well briefed on this matter as some who have taken a more keen interest in it, they ought to be given an opportunity to read the record before we go any further on this matter. We can come back to it again at a future time. Are there some immediate questions members have on this particular subject?

*By Mr. Adamson:*

Q. There is one question along this line—about the development of the jet airliner. It was certainly my impression and certainly I think the impression of the Canadian people that the jet airliner was a tremendous step forward, that there was a large future for it and a large potential number of orders. And now, is this committee to understand that there will be only two orders placed?—A. Mr. Chairman, there are no orders that I know of for jet airliners. As I understand it, the question we have been dealing with is whether or not the service requirement for two jet type transport planes—whether that order should have gone into an Avro airliner rather than the Comet. I don't know whether I should go back over that field again—

Mr. ADAMSON: No.

The WITNESS: But there are no orders of which I know for the Avro jet airliner. It is still only a prototype airplane. It is not in production.

Mr. ADAMSON: I appreciate that, but I was under the impression that there were potential orders for large numbers of this type of aircraft.

The CHAIRMAN: Then, Mr. Adamson, just before putting these questions and asking for answers. Do you think it is wise that we should lay the industry open to embarrassment through questions that might be asked here? Is it not possible that something said here might in some way unfairly reflect on that industry unnecessarily? I leave it for you to decide.

Mr. ADAMSON: I trust that nothing said before this committee will in any way prejudice their interests, that is the last thing I would want to do.

The CHAIRMAN: Mr. Adamson, as you know, a great many people read the record of our proceedings here. My only thought was that some of the answers given might do harm to the industry. However, it is a matter which I leave to you.

Mr. ADAMSON: Well, Mr. Chairman, I don't think for a moment that it will hurt the industry.

The CHAIRMAN: All right, go ahead.

The WITNESS: My understanding of the question is that there has been consideration given to the possibility of further development and utilization



of the Avro jet airliner. As far as I know the consideration has not got to the stage of actual ordering, and no doubt further development would be necessary before orders could be placed. The slow-down of development has been dictated on the one side by the urgency of getting on with the CF-100. The whole thing has not been scrapped or abandoned as such, it has been set aside so that priority could be given to the undertaking of further development of the fighter aircraft.

MR. ADAMSON: That is just exactly the answer I wanted; the jet airliner has not been sufficiently developed to be in the production stage, and that the facilities existing at the A. V. Roe Company were not sufficient to carry on the dual program of the jet airliner and the jet fighter. Is that correct?

THE WITNESS: That is correct.

*By Mr. Macdonnell:*

Q. My question is this. If this work has been largely suspended and set aside—the words are different from those Mr. Mackenzie used but their significance is the same—what benefit, if any, will we have got for the expenditure of eight million dollars of public money; and, in asking that question I point out that this has been going on for 5 years; so there has been plenty of time in which to foresee developments. My immediate question is: What benefit will we have got if production is not resumed?—A. We undoubtedly have a very substantial benefit in the existence of the A. V. Roe Company which has been working on the development of and on developing jet engines, and airplanes to be powered by jet engines. However, whether or not this jet airliner ever gets into production, it has meant the building up of an industry which is now getting on with the production of jet fighters and presumably can return to production at some later date if conditions permit the production of civilian jet aircraft.

Q. Then the requirements for both must have been in the minds of those concerned for years. Why do we—I don't know why we should run into this difficulty now.

MR. GEORGE: Mr. Chairman, apropos of that question, nobody has brought up the thought that things have been changed by the international situation. I would like to ask a question along these lines. If the war had not come on and if there had not been a sudden demand for fighters, would we not have continued to develop these jet liners?

THE WITNESS: I would presume so.

MR. GEORGE: Is that not the answer?

MR. STICK: May I interject something?

THE CHAIRMAN: Yes, Mr. Stick.

MR. STICK: Mr. Macdonnell said there was \$8 million of public money.

THE WITNESS: \$6 million.

MR. STICK: Mr. Macdonnell said \$8 million, and I wanted to keep the record straight.

MR. MACDONNELL: I think Mr. Mackenzie can correct it.

THE WITNESS: It is \$6,500,000 of public money up to the end of October 1951, and \$2,300,000—

MR. MACDONNELL: With the obligation of how much? An additional \$750,000?

THE WITNESS: In the estimates of this year an amount of \$1 million has been provided, but that is not an actual commitment.

MR. STICK: I only raised the question to keep the record straight.

Mr. DREW: Unless this is stopped completely it is to be assumed that the \$750,000 will be used, so it carries the figure to over \$7 million of public money. Is that not right?

Mr. McILRAITH: Before the question is answered, the evidence is that there was an estimate put in for this year. Surely that does not warrant the assumption now, when the evidence has been that the program has been largely set aside, that it is going to be all expended.

The CHAIRMAN: I think we are limited to expenditures or commitments, strictly.

Mr. DREW: The commitment is there up to whatever amount has been allowed—it is going to be used—and Mr. Mackenzie can perhaps answer this, unless it has been practically stopped there are obviously expenditures that are going to call upon the remainder of this estimate?

The WITNESS: Mr. Drew, the \$1 million estimate is an authorization and I pointed out that in the seven months of the year a total of \$275,000 has been spent. I would think it extremely unlikely that the balance would be spent in the remaining five months of the year.

The CHAIRMAN: Gentlemen, we are now reverting back to our original task—

*By Mr. Drew:*

Q. I just want to raise one question and I assure you this will terminate it. You spoke of the value that had been obtained from this expenditure, Mr. Mackenzie, even though work has stopped on the C-102. In doing so, you emphasized the experience and advancement that took place in engine development in this country—development of the jet engine.—A. I mentioned jet engines and airframes to be propelled—

Q. I am pointing out to you that you said a short time ago your understanding was this aircraft was not going to use the engines going to be produced there?—A. If I remember correctly I said the development of jet engines and airframes to be propelled by jet engines—

Q. Then this money had nothing to do with the development of the particular jet engine, if it was not going to be used for that particular aircraft?—A. It was to develop airframes designed to be propelled by jet engines.

Q. Well, Mr. Mackenzie, Mr. Macdonald's question related to the advantage that had been gained by the expenditure of this money. If the airframe has to be obtained, then there must be some other advantages—and you mentioned the advantage of the jet engine?—A. I think I said the department was interested in the development of the over-all problem. I think the two are not unrelated.

The CHAIRMAN: When did the Avro plant establish in Toronto?

The WITNESS: I do not know—after the termination of the last war. It would have been about 1945, or 1946, but I have not the specific date.

Mr. DREW: If nobody objects I can suggest to you, Mr. Mackenzie, that it was in 1946.

Mr. WEAVER: Mr. Chairman, may I ask—

The CHAIRMAN: May I just follow my question for one minute. Have you any idea of the number of people employed there in 1948, 1949, 1950 and 1951?

The WITNESS: I cannot give you any figures offhand on that.

The CHAIRMAN: Now, Mr. Weaver?

Mr. WEAVER: It seems to me that these two aircraft are built to do entirely different jobs, because on the figures Mr. Mackenzie gave, one has very nearly three times the range of the other. In other words, one could fly the Atlantic and the other could not. Am I not correct in that?

The WITNESS: They are entirely different. They are fundamentally designed for different purposes.

The CHAIRMAN: For the moment that brings to a conclusion questions with respect to the two de Havilland aircraft, until such times as you have had an opportunity of reading the record—which will not be soon—perhaps not this session—nevertheless you have the information. Now, we revert back to our previous proceedings and start again with Mr. Drury.

Mr. FULTON: Mr. Chairman, are we not to question Mr. Mackenzie further at this stage on general subjects?

The CHAIRMAN: Not at this stage.

Mr. FULTON: Will he be back?

The CHAIRMAN: Yes.

Mr. WRIGHT: At this session? I have a series of questions that would come within Mr. Mackenzie's jurisdiction. I think they could be put on the record now and be answered later.

The CHAIRMAN: It would not be possible for him to answer questions at the moment.

Mr. WRIGHT: No.

The CHAIRMAN: At a little later stage I will suggest to the committee a method of obtaining answers in the interval.

Mr. WRIGHT: I want them put on the record so the information will be available at a later date, at this session.

The CHAIRMAN: I assure you of an opportunity to do that, Mr. Wright.

Mr. FULTON: At this sittings?

The CHAIRMAN: I do not know.

We now have Mr. Drury.

**Mr. C. M. Drury, Deputy Minister of National Defence, called:**

The CHAIRMAN: It is my purpose, gentlemen, to have questions answered in the order in which they were asked. In this respect we are very fortunate in that we have a copy of each answer for every member of the committee—so they will have it immediately before them. In that way you can proceed and question on the matters now or later.

The first document is in answer to a question asked by the chairman, a list of senior appointments, supplementing Chart 2 tabled on December 4 by Mr. Drury. You have the list before you, with your permission we will table this document.

Mr. CAMPNEY: Would it not be better to have it printed in the proceedings?

The CHAIRMAN: Is it agreed that all these be printed?

Agreed. (See Appendix B).

The second document is in answer to a question asked by Mr. Wright about the defence research board. Shall that be printed in the report?

Agreed.

(See Appendix C).

Next is a table of monthly pay and allowances, asked for by Messrs. Stick and Churchill. We will revert to these documents in a few minutes.

(See Appendix D).



Next is a statement on NATO mutual aid program, asked for by Messrs. Wright, Churchill and Macdonnell.

(See Appendix E).

Next is a statement of estimates, allotments and expenditures, asked for by Mr. Macdonnell.

(See Appendix F).

Next is a cumulative statement of expenditures, forecast and actual, asked for by Mr. Macdonnell.

(See Appendix G).

Next is an analysis of requests for contracts by procurement agency, 1951-52, asked for by Mr. Macdonnell.

(See Appendix H).

Next is a summary of expenditures, 1950-51, etc., asked for by Mr. Macdonnell.

(See Appendix I).

"And then we have a statement covering (1) the cost of training, equipment and maintaining the 25th Canadian Brigade now in Korea; (2) the cost to the RCAF of its participation in the Korea airlift; and (3) the cost to the Navy of its participation in Korea naval operations. This return was asked for by Mr. Macdonnell.

(See Appendix J).

Finally, there is a return on the cost of training, equipment and maintaining the 27th Canadian Infantry Brigade, also asked for by Mr. Macdonnell.

(See Appendix K).

The Department have not yet been able to bring down answers to all questions. There are half a dozen which are being prepared. That will be done as soon as possible.

Just at this stage I appreciate that you cannot digest all this information in a minute; it will take you some time.

Might I suggest that if there are any of you who have questions, you let us have them now. This will not be the last time, but it is an opportunity. You have some questions, Mr. Wright?

Mr. WRIGHT: Yes.

The CHAIRMAN: Have you very many?

Mr. WRIGHT: I have 8 questions, Mr. Chairman.

Mr. BALCOM: Mr. Chairman, should we not have time in which to digest this material? I suggest that we have an adjournment.

The CHAIRMAN: I am trying to use our committee time usefully by asking anyone who has questions to state what they are. That should not take much time. Now, Mr. Wright, before Mr. Drury has something to say on these returns, are there any questions? You have said that you have some?

Mr. WRIGHT: Yes.

The CHAIRMAN: Then let us have them.

*By Mr. Wright:*

Q. They have to do with Canadair. My questions are as follows:

#### DEFENCE CONTRACTS

1. (a) How many contracts has the government (including all government departments as well as crown companies) awarded to Canadair?
- (b) What product, products and or services was each contract for and what is the amount of each such contract?

2. (a) What is the total cost to the government of each of the F-86 planes (including air frames, engines, radio, armaments and other special equipment) now being built by Canadair?  
(b) What was the total cost to the government of each of the thirty F-86 planes (including air frames, engines, radio, armament and special equipment) built in California?
3. (a) Is any of the sub-contracting for any of the parts or equipment of the F-86 awarded by the government or any crown company rather than by Canadair?  
(b) If so, what parts are involved, to whom have such contracts been awarded and what is the amount of each?
4. (a) Does the federal government or any crown company pay for the GE-J-47 engines used in the F-86 planes being built for the government by Canadair?  
(b) What is the price of each of the engines used in the F-86?  
(c) What is the total amount spent for these engines in the period under review?  
(d) From whom are they purchased?
5. (a) Have any advances been made to Canadair for capital expenditures for production and supply of aircraft during the fiscal year under review?  
(b) If so, how much?  
(c) How much has been cleared on advances made during the previous year?  
(d) What was the nature of capital expenditures for which this money was spent?
6. (a) Does Canadair Limited have an agreement with the government for the use of Cartierville Airport?  
(b) What are the terms of this agreement?  
(c) How much does Canadair pay for the use of this airport?  
(d) Is the airport used by any other company or by any government department?
7. (a) Is Canadair producing F-86 planes or parts thereof for any other country or countries?  
(b) If so, what countries?
8. (a) Does the government or any crown agency own any shares in either the Electric Boat Corporation, or in Canadair Limited?

These are the questions I am asking, Mr. Chairman.

The CHAIRMAN: You will not feel angry, Mr. Wright, if you do not get quick answers to your questions?

Mr. WRIGHT: I did not expect an answer today.

The CHAIRMAN: I said "quick" answers.

Mr. STICK: Make it an order for return, Mr. Chairman.

The CHAIRMAN: Are there any other questions?

Mr. GAUTHIER: Why not put them in book form?

Mr. ADAMSON: Mr. Chairman, I suggest that the capital set-up of Canadair might well go into the record after those questions, because they are all along the same line.

The CHAIRMAN: Mr. Drury may have some comments to make on these returns which are now before you all.

The WITNESS: I think it might be helpful to say a word or two by way of explanation of some of these documents which may help the members of the committee, if I may use the term, to "digest" them.

First, the list of members of the Defence Research Board and the number of officers at National Defence headquarters I do not think need any explanation.

*By Mr. Cavers:*

Q. I notice that the chairman of the chiefs of staff is Lieutenant General C. Foulkes. How many members are on the committee of the chiefs of staff?—

A. The chiefs of staff committee is composed of the chairman, the chief of the naval staff, the chief of the general staff, and the chief of the air staff; also, the chairman of the Defence Research Board.

Q. Thank you, very much.—A. And as I pointed out last meeting, there are other people normally in attendance.

Now, will the members please turn to the “table of monthly pay and allowances for the armed forces”. You will see that the ranks are shown for each of the 3 services and it will be noted that the basic pay arrangements are the same for each of the equivalent ranks in each of the 3 services. The ranks are set forward to show the parallel names given to the ranks in the army, navy and air force.

*By Mr. Stick:*

Q. I understand that the rank of lieutenant general and vice admiral come under different categories, do they not?—A. There is no provision in the pay regulations for the pay of a lieutenant general. We only have 2, and they are provided for by a special order in council for each of them.

Q. That is what I mean. And that is why it is not here?—A. That is right.

The next document is the “NATO-Mutual Aid Program”. The initials NATO stand for North Atlantic Treaty Organization. This is a summary of the transactions since the beginning of the mutual aid program in the fiscal year 1950-51 which were brought about by a special appropriation of \$300 million. The original \$300 million appropriation was supplemented by a further appropriation this current fiscal year to bring the total appropriation for mutual aid to \$361,383,108 in cash expenditures in the 2 fiscal years in question, and authority to commit against the future year's appropriations of \$29,720,000.

Mr. MACDOUGALL: Well, while we are on that table, Mr. Chairman, might I ask under the heading of “Armament and Ammunition, offered but not allocated” this question: Am I right in inferring that the various items under that table have been offered to NATO but have not been either accepted or allocated?

The WITNESS: That is correct. The standing group has been notified.

The CHAIRMAN: Will you explain “standing group”?

The WITNESS: The standing group is the military body of NATO which coordinates military activities on behalf of the council. It is composed of representatives of the United States, the United Kingdom, and France. The standing group is the central military coordinating agency of NATO. It is the body to whom we advise the availabilities of this equipment with the dates on which they will be ready for release; and the standing group, after considering the military requirements for equipment of the North Atlantic Treaty countries, recommends to the Canadian government the allocation of this equipment to various of the NATO countries.

Mr. GEORGE: Who is the chairman of that NATO board?



The WITNESS: I think it is General Bradley of the United States forces; the chairman of the United States joint chiefs of staff.

Mr. ADAMSON: How many members comprise that group?

The WITNESS: You mean the standing group?

Mr. ADAMSON: Yes.

The WITNESS: Three.

Mr. ADAMSON: Do you know the other two?

The WITNESS: I think they are Air Chief Marshall Slessor for the United Kingdom and General of the Air Force Leclerc for France. Their representation in Washington are Vice Admiral Gerauld Wright of the United States, Air Chief Marshall Sir William Elliot of the United Kingdom, and Lt. Gen. Paul Ely of France.

*By Mr. Harkness:*

Q. In connection with ammunition for the Netherlands, the figure of \$56,750,000 was the value placed on that equipment by the Department of National Defence. Is that correct?—A. That is correct.

Q. And when that equipment was turned over, that amount of money was to be put into a special fund which would be available to the Department of National Defence with which to buy new equipment?—A. That is correct.

Q. And for all these sums we show a total of \$220 million odd. Has that amount been placed in this special fund?—A. No. The amount shown is under the heading "committed" in the second series of columns as against the appropriated amount. Oh, excuse me, under the heading "expended to date"; the final column shows the total amount transferred into the special account, namely, \$220 million odd.

Q. That has all been put into this special account? Is that correct?

The WITNESS: My attention has been drawn to the question of "Air crew training". The sums for that item do not go into the special account.

*By Mr. Harkness:*

Q. You mean the \$40,600,000 odd?—A. No. I mean the \$2,628,000, and the \$22 million odd.

Q. \$24 million altogether, \$24,600,000?—A. That is correct.

Q. And that has not gone into the special account?—A. Further a transfer of equipment from new production does not go into the special account.

Q. The total amount in it is \$195,417,000?—A. That is the total amount that has been transferred into the special account.

Q. What expenditures, if any, have been made out of this special account?—A. I have some figures on that.

Q. Perhaps we might have a return on that. I would like the return to be similar to that showing the amount spent out of this special account and what has been referred to with it.—A. I have the figures here, although I have not got 30 odd copies of it.

The CHAIRMAN: Very well. Read them into the record.

The WITNESS: In 1950-51 there was expended out of this special account for replacement equipment \$19,885,625; this was for armament and ammunition.

In the first months of the current fiscal year up to the 31st of October, there was expended a total of \$73,549,381, of which \$18,959,295 was for armament and ammunition to supplement that spent in the previous fiscal year in replacement of equipment transferred to the Netherlands. Accompanying that was a small expenditure of \$8,546 for tools, publications, and tool sets in respect of the same equipment. In replacement of equipment sent to Belgium

in the current fiscal year, and out of this same total we have expended \$11,368,645 for ammunitions, and \$2,919,360 for armament equipment; \$19,116,021 for tanks and armoured fighting vehicles, and \$310,000 for tools and tool kits. And then against the other replacement items shown in the Mutual Aid Program list, we have expended \$2,479,153 for ammunition, and \$18,388,361 for armament.

Mr. DREW: What does that include?

The WITNESS: Guns and rifles, army armament, small arms and guns.

Mr. ADAMSON: Have you the totals there?

The WITNESS: The totals I gave initially; for the last fiscal year, \$19,885,625, and the total to date for this year, \$73,549,381.

Mr. MACDOUGALL: Have you the figures for the unexpired portion of this year—I mean, what is still left unexpended?

The WITNESS: I have not worked out the arithmetic, but what was left unspent is the difference between \$195,417,215 and \$93,435,006.

The CHAIRMAN: \$102,000,000 approximately.

The WITNESS: The items shown as transfer from existing stocks are those being, from time to time, announced as having been transferred. As I mentioned before, the armament and ammunition offered but not allocated means notified to the standing group as becoming available from time to time in accordance with the general policy to transfer this equipment to the North Atlantic Treaty Organization, and a request made for the recommendations of the standing group as to the countries or country to which the equipment should be allocated.

The aircrew training—again the recommendations of the standing group as to the allocation of vacancies to various countries desiring or needing air crew training in this country are sought and so far have been accepted. The costs of this air crew training include everything except the pay and allowance of the NATO trainees. The transfer of equipment from new production—

Mr. WRIGHT: Could you give us the numbers who are in training or trained?

The WITNESS: I have some information on that if desired. Graduated: trained for the R.A.F., 25 pilots to date—the R.A.F. of the United Kingdom; Belgium, 10 pilots and 4 navigators; Holland, 8 pilots; France, 24 pilots and 20 navigators; Norway, 10 pilots and 5 navigators; Italy, 9 pilots and 8 navigators; for a total of 86 pilots and 37 navigators, or 123 in all.

*By Mr. Stick:*

Q. What is that figure for Italy again?—A. 9 pilots and 8 navigators.

Q. And Holland?—A. The Netherlands, 8 pilots.

Q. And Belgium?—A. 10 pilots and 4 navigators.

Q. Thank you.—A. Under training now for the United Kingdom, 199 pilots and 232 navigators.

Mr. MACDOUGALL: What was that figure again?

The WITNESS: Under training now for the United Kingdom, 199 pilots and 232 navigators; for Belgium, 15 pilots and 10 navigators; for France, 26 pilots; The Netherlands, 3 pilots; Norway, 4 pilots; Italy, 15 navigators; for a total of 247 pilots and 257 navigators. In summary, that is a total of 123 graduated and 504 currently under training.

The transfer of equipment from new production shows the details of the allocation of 300 anti-aircraft No. 4 Mark VI radar sets. The allocation of these 300 sets again is on the recommendation of the standing group as to the countries which should receive them. The funds are paid direct from the appropriation to the Department of Defence Production, which in turn disburses to the manufacturer, in this case Canadian Arsenals Limited.

Mr. McCUSKER: How do you take care of the capital cost involved in providing equipment to manufacturers?

The WITNESS: In order to undertake the manufacture of these radar sets, it was necessary for certain additional tooling and facilities to be provided. The Department of Defence Production have two ways in which they can do this: either allow the user to finance the capital assistance himself and charge back the costs of this additional facility into the cost price of the article, or provide capital assets which, generally speaking, remain in the ownership of the crown but are allowed to be used by the producer. In this case, and Mr. Mackenzie will correct me if I am wrong, these assets were purchased out of the \$2,500,000 and remain in the ownership of the crown.

*By Mr. Stick:*

Q. You charge them higher? The manufacturer is using equipment on which the government has put up the money to purchase. Do you charge him higher for depreciation or anything like that?—A. That is a matter of Defence Production Department procedure, but, as I understand it, if equipment provided is to be used exclusively, as in this case, exclusively for items being manufactured for the government, there is no purpose in charging them higher for it, as they will merely charge it back again on the cost of the item.

Q. I understand if he uses his own equipment he charges the government higher?—A. If he uses his own equipment then the cost of this equipment is paid by him; but however he charges for the use of it, it is in the unit cost of the article. I think Mr. Mackenzie if one would refer to his statement the other day, dealt with this at some length.

The CHAIRMAN: The difficulty is we have not had the printed record yet.

*By Mr. Harkness:*

Q. Mr. Chairman, I would like to ask if there is any difference in the procedure of making payments out of this special fund as compared with ordinary payments, and particularly what limitations there are in regard to what that special fund can be used to purchase.—A. The procedure for making payments out of the special fund is virtually the same as for payments out of the regular appropriation. If it is desired to acquire an article using the special fund rather than the straight appropriation, a request is made of the Department of Defence Production to procure it, and so far as they are concerned it is treated in exactly the same way as any other request. The authorization of the Minister of National Defence in the requisite case is needed, an order in council in the requisite case is obtained, and there is the same procedure in respect to delivery, inspection and payment.

Q. Is there any limitation on what can be purchased out of this fund, or can it be used for any purpose the National Defence Department desires?—A. The purposes for which it can be used are laid down in the terms of the original appropriation—it is to be used for the procurement of equipment of the Canadian forces subject to the approval of the Governor in Council.

The CHAIRMAN: You will notice it is very limited, Mr. Harkness.

Mr. HARKNESS: That is what I was trying to get at, how limited it was.

*By Mr. Harkness:*

Q. Now, if you have not enough money in your appropriation to buy guns, then you can take money out of this special fund to buy them?—A. I would rather put it this way, that if there is not sufficient money in the special fund to meet the cost of the guns, then we would have to endeavour to have this amount supplemented by an appropriation.



Q. What that amounts to is that up to date all your purchases on guns or armament come out of this special fund, is that correct?—A. Not all, Mr. Harkness.

Q. You still have \$100,000,000 of that left, approximately?

Mr. MACDOUGALL: \$102,000,000.

The WITNESS: We have against the appropriation of the special fund, \$272,000,000, already committed \$206,698,176.

*By Mr. Harkness:*

Q. You have let contracts to that amount, is that what you mean?—A. No, unfortunately. This statement represents the encumbrance, the encumbrance of funds by the Department of National Defence, and the funds are encumbered or entailed when we send over a requisition carrying a certification that funds are available to the Department of Defence Production. There obviously will be a lag between the time we encumber the funds and send over the requisition to the Department of Defence Production and such time as the Canadian government places the order.

Q. What that means is this, when you will have expended in cash approximately \$93,000,000, you will have left in that fund \$102,000,000 approximately, and you have made commitments against that of another \$140,000,000 or so.—A. We have encumbered these funds to the extent of \$206.7 million. Against those encumbrances we have expended in cash \$93,435,006.

Mr. STICK: It is 1 o'clock, Mr. Chairman. I move we adjourn.

The WITNESS: That represents the rate at which deliveries are being made against these demands.

*By Mr. Harkness:*

Q. In other words, then, as far as your commitment is concerned it is almost finished and you will have to draw on your other appropriation to make up the balance?—A. No, as I pointed out, against the appropriation of \$272,000,000 we have specifically committed approximately \$207,000,000.

Q. The total amount of your fund is only \$195,000,000 to begin with, and you have to draw on your regular appropriation to have equipment and ammunition.—A. Well, in general, I would agree with your statement that we are having to draw on our regular appropriations to purchase armament and ammunition. That is correct.

The CHAIRMAN: Gentlemen, it is 1 o'clock. Just for your information, I suggest that before the next meeting you give some consideration and thought to the questions and the kind of information that you would want from the governmental officials and have them ready at the next meeting so that you can put them on record and give them an opportunity to present them to you at the proper time.

Mr. DREW: Of course I would remind you, Mr. Chairman, that we have already indicated what we are anxious to get is the answers to the questions in regard to weapons of various kinds.

The CHAIRMAN: Mr. Drew, that is not just as easy as I thought it would be. That is being worked on at the moment in the Department of Defence Production. Then it has to be sent to the Department of Defence. Then it will be considered and released to the committee. That all takes quite some time.

Mr. DREW: Mr. Chairman, Mr. Drury could tell us right now what rifles are on order, what machine guns are on order, what bazookas are on order; without all this difficulty. I cannot believe that the Department of National Defence has its records in such a state that they cannot tell any given day exactly what they have and what they have on order.

The CHAIRMAN: Mr. Drew, they can answer that question in a second—

Mr. DREW: That is what I thought, in about a second.

The CHAIRMAN: —except that they require security clearance before these questions are answered. They are now endeavouring to obtain that; and you know, as well as I do, that obtaining clearance takes time, all this material has to be looked at and reviewed from that standpoint before they can bring it down here.

Mr. DREW: You mean clearance on security grounds?

The CHAIRMAN: Quite.

Mr. DREW: There does not seem to be any reason why clearance should not have been given by this time; the items have been before the committee for some time now.

The CHAIRMAN: Since when?

Mr. DREW: Since last week, Thursday, I believe.

The CHAIRMAN: Well, all this entails a considerable amount of work. I may tell you, and the committee, that the Departmental staff worked until 12.30 o'clock last night collecting this information in form to make it available to the committee. I think they did very well.

Mr. DREW: I am raising the issue of answers to questions about the types of weapons that we have for our land, sea and air forces; and, after all, it is weapons that build real defence, with trained men behind them. We have received some general figures which are very important, but, nevertheless, that is where defence lies, in view of the very serious situation we face, and in the eventuality that we may have to fight. As you just said, they could give us those answers in a second with regard to initial production. On this matter of security clearance I appreciate, as you have said, that it is a different group of people who pass on, who decide, whether there is any measure of security involved. As I see it, that should not be very difficult to decide, particularly in view of the fact, as you pointed out, that while it involved the staff working until 12.30 o'clock last night, the material was ready for review from that standpoint then.

The CHAIRMAN: That is exactly what I said: one group of people prepared the material and it is now in the other department, the Department of Defence, for the purpose of security clearance. As soon as it is cleared it will be brought to this committee.

This committee stands adjourned until 11.00 o'clock on Thursday next.

Mr. DREW: Just before you leave the chair, I suggest that we meet at 11.00 o'clock tomorrow.

The CHAIRMAN: We stand adjourned until 11.00 o'clock Thursday morning.

Mr. DREW: Well, Mr. Chairman, I do not want to do any more than present the simple fact that if this committee adjourns until Thursday it means that this committee is not going to get any information before this session ends that is of real value in determining what our expenditures are and what our effective defence position is. I think that we should have some reason before we are told at a time when at any rate the session is coming to a close or may even terminate this week, that we are not going to meet until Thursday. I have heard no suggestion of any reason why we should not meet at 11:00 o'clock tomorrow.

Mr. McILRAITH: May I say something about that? I object to Mr. Drew's statement about our not getting more work done and about there being no

information available for this committee. Surely, information such as we have had brought forward this morning is of real value. Does he suggest that such information is of no worth at all?

Mr. DREW: I said nothing of the kind. Mr. Drury can tell us right now what rifles are on order, what machine guns are on order, and what bazookas are on order, without all this difficulty? I cannot believe that the Department of National Defence has its records in such a state that they cannot tell on any day exactly what they have on order.

The CHAIRMAN: They could answer that question in a second.

Mr. DREW: That is what I thought.

The CHAIRMAN: Except they require certain clearances before these questions are answered. They are now endeavouring to obtain those—and you know the clearances as well as I do—and until such times as they obtain security clearances—

Mr. DREW: There would not seem to be any reason why the clearances could not be granted. This came before the committee—

The CHAIRMAN: Yes, last week, but all this required a considerable amount of work. The Department worked on this until 12.30 last night, in order to bring in this essential material.

Mr. DREW: I am raising a question in regard to answers to questions about the types of weapons that we have for our land, sea, and air forces. After all, it is weapons that mean real defence, and trained men behind them—not simply general figures. Figures are very important but, nevertheless, this is where defence lies or, in the event of a more serious situation, where the ability to fight lies. As you have just said they could give the answer to any of those questions subject to the one question of whether there is security involved. It is a different group of people which will decide whether there are any security measures which apply—different from those who perhaps had to work until 12.30 last night.

The CHAIRMAN: That is exactly the situation. One set of people had to prepare the information. It is now with the Department of Defence for the purpose of security clearance. As soon as it has been cleared we will have it. That is why I intend to have this committee adjourn now until Thursday.

Mr. DREW: Mr. Chairman, I do not want to do any more than simply present the fact that if this committee adjourns now until Thursday it means that the committee is not going to get any information before this session ends.

Mr. MACDONNELL: May I ask a question following that by Mr. Drew. Why can we not meet tomorrow? You are disposing of the matter by saying that it is because the information cannot be prepared.

The CHAIRMAN: It takes some time for us to digest this information, to ask questions intelligently, and the department requires some time to prepare the information. To me, those seem to be two very good reasons.

Mr. MACDONNELL: The only reason you gave two or three minutes ago was the reason of security and that, surely, does not take a very long time.

The CHAIRMAN: I said that was one of the reasons. The information had to be collected in one department, and sent over to be cleared in another department. One of the matters which have to be cleared will be security and that is not done in the snap of a finger. It is very important.

Mr. MACDONNELL: Will you bear in mind that on Wednesday we begin sitting at 11?

The CHAIRMAN: I realize that on Wednesday we sit at 11, and that we will probably close on Friday. That is why I have encouraged this committee to ask for information. I had this in mind: A great deal of information this committee requires cannot be answered at this session. Whatever



is left over will be brought forward in the interval so that when this committee, or a similar committee, meets again in the early part of next session the information will be available for the record. We can then proceed more quickly and effectively. I think if we accomplish that we have accomplished much.

Mr. HARKNESS: Mr. Chairman, I think you are maligning the intelligence of this committee when you say that we cannot meet tomorrow and ask intelligent questions.

The CHAIRMAN: I take that back, Mr. Harkness.

Mr. DREW: Mr. Chairman, I am only going to repeat this. There is no difference between now and tomorrow morning. The whole matter of the ultimate decision on security must be a government decision. There is no difference between now and tomorrow morning with the department, and there are no questions in terms of security in relation to weapons. I will point this out—that it is very strange that we cannot get information which has been given in a very detailed form in the past few days by both the United States and Great Britain.

The CHAIRMAN: Mr. Drew, we must each understand from the very beginning that no one has been refused a tittle of information in this committee. Nothing you have asked for has been refused.

Mr. MACDONNELL: No one is suggesting that.

Mr. DREW: I am asking why we cannot meet tomorrow.

The CHAIRMAN: The main point we are concerned with is obtaining information and it is the hope of every member of this committee that every bit of information be brought forward. Because we cannot bring it forward as quickly as we would want, or as you would want it, it is not possible to meet until later in the week.

Mr. DREW: Let us dispose of this. In your own words you said that questions with regard to weapons could be answered in one second. Those were your words. You said that what prevented an answer was clearance with regard to security, and there is no possible doubt but that between now and tomorrow morning, if that decision has not already been given—clearance on security in regard to the weapons referred to can be given. There undoubtedly may be certain secret weapons but that is known, we are referring to records which are kept to the extent that an ordinary answer can be given in one second. That I think is the most vital information, because what we are doing or preparing to do here is to consider the defence of this country, or we are preparing to meet the threat of something more than defence.

The CHAIRMAN: I am anxious that every bit of that information be brought forward, so for that reason I assure you that it is not possible to do it in so quick a time. It will take a few days in order to reach a conclusion under which I hope it will be possible to give the widest possible information. I do not know what that conclusion may be, but it is important enough so that we should leave it for the next meeting of the committee.

Mr. DREW: Then I move that this committee adjourn to meet again at 11.00 tomorrow morning.

The CHAIRMAN: You have heard the motion. It is moved by Mr. Drew and seconded by Mr. Macdonnell that the committee adjourn to meet again tomorrow morning at 11.00 o'clock. All those in favour? All those against? The motion is lost.

Mr. DREW: I ask that the vote be recorded, Mr. Chairman.

The CHAIRMAN: Very well. All those in favour of Mr. Drew's motion will say "aye".

Mr. STICK: Mr. Chairman, in a committee the other day I asked for the vote to be recorded and they told me it could not be done unless I had made the request before the vote was taken.

The CHAIRMAN: I think you are right, Mr. Stick, and once the vote is taken, it is too late to ask to have a recorded vote. You should I believe, ask for it before the vote is taken.

The meeting adjourned.

## APPENDIX A

P.C. 6171

## COMPOSITION OF TREASURY BOARD

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 21st December, 1950.

The Committee of the Privy Council, on the recommendation of the Right Honourable Louis S. St-Laurent, the Prime Minister, advise:

1. That the following members of the King's Privy Council for Canada—

The Right Honourable J. G. Gardiner  
The Honourable Alphonse Fournier  
The Honourable J. J. McCann  
The Honourable M. F. Gregg  
The Honourable S. S. Garson

do, with the Minister of Finance, constitute the Treasury Board, in accordance with the terms of the Department of Finance and Treasury Board Act, Chapter 71 of the Revised Statutes of Canada, 1927:

2. That the following members of the King's Privy Council for Canada be designated as substitute members of the Treasury Board:

The Honourable Brooke Claxton  
The Honourable Lionel Chevrier  
The Honourable R. W. Mayhew  
The Honourable Hugues Lapointe  
The Honourable Walter Harris

3. That the presence of three members of the said Treasury Board do constitute a quorum thereof.

A. M. HILL,  
*Assistant Clerk of the Privy Council.*



## APPENDIX B

DEPARTMENT OF NATIONAL DEFENCE  
(To be read in connection with Chart No. 2,  
Tabled December 4)

Date: December 10, 1951.

Requested by Mr. Croll.

APPOINTMENTS OF SENIOR OFFICERS AT NATIONAL  
DEFENCE HEADQUARTERS, OTTAWA

I. MINISTER'S OFFICE

Minister .....	Hon. Brooke Claxton, DCM, KC, BCL, LLD, MP
Parliamentary Assistants .....	Mr. J. A. Blanchette, M.P. Mr. R. O. Campney, M.P.

II. DEPUTY MINISTER'S OFFICE

Deputy Minister .....	Mr. C. M. Drury, CM, CBE, DSO
Assistant Deputy Minister .....	Mr. E. B. Armstrong (Finance)
Real Estate Advisor .....	Mr. B. B. Campbell, OBE, ED
Assistant Deputy Minister .....	Mr. L. M. Chesley (Requirements)
Judge Advocate General .....	Brigadier W. J. Lawson, EM
Director of Public Relations .....	Mr. W. H. Dumsday
Chief Secretary .....	vacant
Inspection Services .....	Mr. P. Conroy, OBE, MC
Assistant Deputy Minister .....	Mr. J. A. Sharpe, OBE (Admin. & Personnel)

III. CHAIRMAN, CHIEFS OF STAFF

Chairman, Chiefs of Staff .....	Lt. Gen. C. Foulkes, CB, CBE, DSO, CD
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IV. NAVY

Chief of Naval Staff .....	Vice Admiral E. R. Mainguy, OBE, CD
Vice Chief of Naval Staff .....	Rear Admiral H. G. De Wolf, CBE, DSO, DSC
Chief of Naval Technical Services ....	Rear Admiral (E) J. G. Knowlton, OBE
Chief of Naval Personnel .....	Commodore J. C. Hibbard, DSC
Assistant Chief of Naval Staff (Plans) .	vacant
Assistant Chief of Naval Staff (Air) ..	Commodore C. L. Keighly-Peach, DSO, OBE, RN

V. ARMY

Chief of the General Staff .....	Lt. Gen. G. G. Simonds, CB, CBE, DSO, CD
Vice Chief of the General Staff .....	Major General H. A. Sparling, CBE, DSO, CD
Adjutant General .....	Major General W. H. S. Macklin, CBE
Quartermaster General .....	Major General S. F. Clark, CBE, CD

## VI. AIR FORCE

Chief of the Air Staff .....	Air Marshal W. A. Curtis, CB, CBE, DSC, ED
Vice Chief of the Air Staff .....	Air Vice Marshal F. R. Miller, CBE, CD
Air Member for Personnel .....	Air Vice Marshal F. G. Wait, CBE, CD
Air Member for Technical Services ..	Air Vice Marshal D. M. Smith, CBE, CD

## VII. DEFENCE RESEARCH BOARD

Chairman .....	Dr. O. M. Solandt, OBE, MD, MRCP, FRSC
Chief of Administration .....	Mr. G. W. Dunn, C. A.
Chief of Division A .....	Dr. G. S. Field, MBE, DSC, FRSC, FASA
Chief of Division B .....	Dr. J. J. Green, MBE, BSc, PhD, FRAeS, FIAS
Chief of Division C .....	Col. G. M. Carrie, OBE, ED, BSc, MEIC.

## APPENDIX C

## DEPARTMENT OF NATIONAL DEFENCE

Date: December 10, 1951

*Requested by Mr. Wright.*

## MEMBERSHIP OF THE DEFENCE RESEARCH BOARD

*Chairman (full-time)*

Omond McKillop Solandt, O.B.E., M.A., M.D., D.Sc., M.R.C.P., F.R.S.C.

*Vice-Chairman (full-time)*

Emlyn Llewelyn Davies, O.B.E., M.Sc.

*Members ex-officio*

The Chief of the Naval Staff—Vice Admiral E. R. Mainguy, O.B.E., C.D.

The Chief of the General Staff—Lieut. General G. G. Simonds, C.B., C.B.E., D.S.O., C.D.

The Chief of the Air Staff—Air Marshal W. A. Curtis, C.B., C.B.E., D.S.C., E.D.

The Deputy Minister of National Defence—C.M. Drury, Esq., C.B.E., D.S.O.

The President of the National Research Council—C. J. Mackenzie, C.M.G., M.C., B.E., M.C.E., D. Eng., D. Sc., L.L.D., F.R.S.C., F.R.S

*Members by appointment (for terms of three years)*

R. F. Farquharson, M.B.E., M.B., D.Sc., F.P.C.P.(C)., Professor and Head of the Department of Medicine, University of Toronto, Toronto, Ontario. (term expires March 31, 1952)

H. Greville Smith, C.B.E., M.A., President, Canadian Industries Ltd., Montreal, P.Q. (terms expires March 31, 1952)

A. E. Cameron, M.Sc., D.Sc., President, Nova Scotia Technical College, Halifax, N.S. (term expires March 31, 1953)

Brigadier F. C. Wallace, D.S.O., M.C., Executive Vice-President Smith and Stone Ltd., Georgetown, Ont. (term expires March 31, 1953)

A. R. Gordon, O.B.E., M.A., Ph.D., F.R.S.C., Professor and Head of the Department of Chemistry, University of Toronto, Toronto, Ontario. (term expires March 31, 1954)

G. M. Shrum, O.B.E., M.M., M.A., Ph.D., F.R.S.C., Professor and Head of the Department of Physics, University of British Columbia, Vancouver, B.C. (term expires March 31, 1954)

*Secretary*

W. H. Barton, B.A.





APPENDIX D

DEPARTMENT OF NATIONAL DEFENCE

MONTHLY PAY AND ALLOWANCES FOR ALL RANKS FOR THE ARMED FORCES, NOV. 30, 1951      Date: December 10, 1951.  
*Requested by Messrs. Stick and Churchill.*

RANK		PAY		Trades Pay Additional to Basic Pay and Increments- Group Rate	Subsistence, Quarters and Ration Allowances				Marriage Allowance			Separated Family Allowance				Foreign Allowance	Risk Allowance
Navy	Army	Air	Basic	Increments	Subsistence Allowance	Quarters Allowance	Normal Rate	Maximum Rate on Minister's Approval	Living Out	Occupying Temporary Married Quarters	Occupying Permanent Married Quarters	With Children	Without Children	Not in Married Quarters	In Married Quarters		
			\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	\$ cts.	\$ cts.
Ordinary Seaman on Entry.	Private Recruit.	Aircraftsman 2nd Cl.	79 00		57 00	24 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	9 00
Ordinary Seaman Trained.	Private 2nd Cl.	Aircraftsman 1st Cl.	83 00		57 00	24 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	9 00
Able Seaman.	Private 1st Cl.	Leading Aircraftsman.	90 00	After 3 and 6 yrs in the rank add \$3.00					30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	9 00
Leading Seaman.	Corporal.	Corporal.	103 00		57 00	24 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	9 00
Petty Officer 2nd Cl.	Sergeant.	Sergeant.	119 00		67 00	30 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	12 00
Petty Officer 1st Class.	Staff Sergeant.	Flight Sergeant.	139 00		75 00	35 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	15 00
Chief Petty Officer 2.	Warrant Officer 2.	Warrant Officer Cl 2.	161 00	After 3 and 6 yrs in the rank add \$5.00	75 00	35 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	15 00
Chief Petty Officer 1.	Warrant Officer 1.	Warrant Officer Cl 1.	180 00		85 00	40 00	20 00	45 00	30 00	27 50	20 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	16 50
Midshipman.			97 00		57 00	24 00	20 00	45 00									13 50
Acting Sub-Lieut.	2nd Lieutenant.	Pilot Officer.	102 00		61 00	25 00	20 00	45 00	40 00	37 50	30 00	Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters	5 00	13 50

	Lieutenant.....	Flying Officer.....	After 3 and 6 yrs in the rank and in the case of Flt/Lts after 9 yrs in their rank add \$15.00.	79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	16 50	duties in flying, parachute jumping or while appointed to serve in a submarine \$30.00 per month.
Sub Lieutenant.....			195 00													
Commissioned Officer.....			234 00													
Lieutenant.....	Captain.....	Flight Lieutenant....	234 00	79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	18 00	
Lt Commander.....	Major.....	Squadron Leader....	312 00	98 00	53 00	20 00	45 00	40 00	37 50	30 00	98 00	20 00	83 00	5 00	24 00	
Commander.....	Lt-Colonel.....	Wing Commander..	367 00	108 00	58 00	20 00	45 00	40 00	37 50	30 00	108 00	20 00	93 00	5 00	27 00	
Captain.....	Colonel.....	Group Captain.....	517 00	119 00	64 00	20 00	45 00	40 00	37 50	30 00	119 00	20 00	104 00	5 00	37 50	
Commodore.....	Brigadier.....	Air Commodore.....	689 00	128 00	68 00	20 00	45 00	40 00	37 50	30 00	128 00	20 00	113 00	5 00	49 50	
Rear Admiral.....	Major General.....	Air Vice Marshal... 	786 00	135 00	70 00	20 00	45 00	40 00	37 50	30 00	135 00	20 00	120 00	5 00	55 50	





## APPENDIX F

## DEPARTMENT OF NATIONAL DEFENCE

## STATEMENT OF ESTIMATES, ALLOTMENTS AND EXPENDITURES

1950-51 FISCAL YEAR

Requested by Mr. Macdonnell

Date: Dec. 10, 1951.

	Estimates	Final Cash Allotment	Actual Expenditures
<b>NAVY</b>			
01 Civil Salaries and Wages.....	12,056,688	10,955,331	10,955,330
02 Civilian Allowances.....	12,000	11,615	11,615
03 Pay and Allowances.....	24,055,850	23,770,442	23,770,440
04 Professional and Special Services—			
Corps of Commissioners.....	412,036	479,877	479,877
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	100,000	97,108	97,108
Medical and Dental Consultants and Special Services	101,700	152,705	152,704
Fees for Special Courses.....	463,350	398,437	398,436
05 Travelling and Removal Expenses.....	2,653,150	2,794,084	2,794,083
06 Freight, Express and Cartage.....	550,000	620,589	620,588
07 Postage.....	35,000	35,067	35,067
08 Telephones, Telegrams and other Communication Services.....	497,500	228,546	228,545
09 Printing of Departmental Reports and Other Publications.....	230,000	186,203	186,203
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	180,000	231,788	231,788
11 Office Stationery, Supplies, Equipment and Furnishings	466,000	448,560	448,559
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating Units.....	1,391,300	1,108,568	1,108,568
Clothing and Personal Equipment.....	2,385,636	1,488,666	1,488,666
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	3,035,989	2,021,870	2,021,870
Food Supplies.....	3,018,524	2,646,119	2,646,118
Naval Stores.....	6,760,710	4,038,700	4,038,699
Medical and Dental Supplies.....	118,028	108,420	108,420
Ammunition and Bombs.....	7,650,000	3,961,443	3,961,443
Barrack, Hospital, Camp and Miscellaneous Stores	1,544,500	949,725	949,725
13 Acquisition and Construction of Buildings and Works Including Acquisition of Land—			
Purchase of Real Properties (Land and Buildings)...	138,000	74,715	74,715
Construction—Major Contract Projects.....	12,951,000	8,521,810	8,434,776
14 Repair and Upkeep of Bldgs and Works including Land	3,658,500	3,818,501	3,818,501
15 Rentals of Land, Buildings and Works.....	65,000	23,331	23,331
16 Major Procurement of Equipment—			
Ships and Aircraft.....	11,940,000	7,922,684	7,922,684
M.E. including Transport.....	796,000	321,662	321,662
Armament Equipment.....	11,008,000	8,498,439	8,498,429
Signal and Wireless Equipment.....	11,725,175	3,621,325	3,621,324
Special Training Equipment.....	156,000	67,643	67,642
17 Repair and Upkeep of Equipment—			
Repair and Upkeep of Ships and Aircraft.....	10,022,286	8,169,134	8,169,133
Repairs and Spare Parts for M.E. incl. Transport..	538,250	412,459	412,458
18 Rentals of Equipment.....	814,700	817,619	817,619
19 Municipal and Public Utility Services.....	68,547	50,674	50,674
20 Contributions, Grants, Subsidies, etc not incl Elsewhere.			
21 Pensions, Superannuation and Other Benefits for Personal Services.....	107,407	132,272	132,272
22 All other Expenditures—			
Laundry and Dry Cleaning.....	50,000	49,180	49,180
Expenditures not Elsewhere Provided.....	930,000	700,828	700,828
	132,731,826		
Less estimated amount for commitments nominally to fall due during the 1950-51 fiscal year but not required for actual expenditures in that year.....	21,195,696		
<b>TOTALS.....</b>	<b>111,536,130</b>	<b>99,936,130</b>	<b>99,849,080</b>

## DEPARTMENT OF NATIONAL DEFENCE—Continued

## Statement of Estimates, Allotments and Expenditures

1950-51 FISCAL YEAR

	Estimates	Final Cash Allotment	Actual Expenditures
ARMY			
01 Civil Salaries and Wages.....	17,216,490	19,762,284	19,762,282
02 Civilian Allowances.....	145,500	186,501	186,500
03 Pay and Allowances.....	65,693,119	64,998,906	64,998,903
04 Professional and Special Services—			
Corps of Commissionaires.....	356,950	420,302	420,301
Professional Fees—Architects, Engineers, Land			
Valuation and Legal.....	200,000	403,000	402,374
Medical and Dental Consultants and Special Services	653,155	787,058	787,058
Fees for special Courses.....	206,000	130,665	130,664
05 Travelling and Removal Expenses.....	6,657,517	8,007,578	8,007,574
06 Freight, Express and Cartage.....	5,516,290	4,598,612	4,598,608
07 Postage.....	127,532	139,484	139,483
08 Telephones, Telegrams and other Communication			
Services.....	800,987	929,191	929,190
09 Printing of Departmental Reports and Other Publica-			
tions.....	319,820	643,000	642,090
10 Films, Displays, Broadcasting, Advert'g and other			
Info. Materials.....	1,100,000	1,082,094	1,082,093
11 Office Stationery, Supplies, Equipment and Furnishings..	1,160,366	1,151,771	1,144,246
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating			
Units.....	5,916,800	5,836,916	5,836,916
Clothing and Personal Equipment.....	14,450,092	9,760,894	9,760,893
Gasoline, Fuel Oil and Lubricants for Ships, A/C			
and M/E.....	2,868,413	2,149,842	2,149,840
Food Supplies.....	7,036,583	7,075,813	7,075,811
Medical and Dental Supplies.....	847,979	1,225,602	1,225,602
Ammunition and Bombs.....	2,000,000	941,226	941,225
Barrack, Hospital, Camp and Miscellaneous Stores..	8,346,640	6,507,517	6,507,516
13 Acquisition and Const. of Bldgs and Works Incl. Acquisition			
of Land—			
Purchase of Real Properties (Land and Bldgs).....	700,000	680,000	678,667
Construction—Major Contract Projects.....	30,527,908	27,795,041	27,512,867
Construction—Day Labour and Minor Contract			
Projects.....	5,600,000	5,425,000	5,424,314
14 Repair and Upkeep of Bldgs and Works including Land...	8,333,385	11,771,087	11,771,084
15 Rentals of Land, Buildings and Works.....	481,050	481,650	481,649
16 Major Procurement of Equipment—			
M.E. including Transport.....	6,270,140	12,581,277	12,581,276
Armament Equipment.....	2,282,240	1,534,304	1,434,303
Signal and Wireless Equipment.....	1,792,170	1,490,932	1,490,931
Special Training Equipment.....	135,500	114,628	114,628
17 Repair and Upkeep of Equipment—			
Spare Parts for Tanks and A.F.V.'s.....	1,289,600	2,060,690	1,960,690
Repairs and Spare Parts for M.E. incl. Transport.....	9,612,070	4,745,525	4,745,524
Repair by Contract.....	2,151,300	2,384,999	2,384,998
19 Municipal and Public Utility Services.....	1,688,262	2,111,723	2,111,723
20 Contributions, Grants, Subsidies, etc, not incl. Else-			
where.....	722,437	989,496	989,495
21 Pensions, Superannuation and Other Benefits for Personal			
Services.....	158,616	188,337	188,336
22 All other Expenditures—			
Education of Dependent children.....	229,807	215,716	215,716
Laundry and Dry Cleaning.....	376,900	470,730	470,728
Expenditures not Elsewhere Provided.....	409,615	521,842	492,978
	214,381,233		
Less estimated amount for commitments nominally to fall			
due during the 1950-51 fiscal year but not required for			
actual expenditures in that year.....	13,000,000		
Totals.....	201,381,233	212,301,233	211,779,076



## DEPARTMENT OF NATIONAL DEFENCE—Continued

## Statement of Estimates, Allotments and Expenditures

1950-51 FISCAL YEAR

	Estimates	Final Cash Allotment	Actual Expenditures
<b>AIR FORCE</b>			
01 Civil Salaries and Wages.....	9,054,655	9,949,926	9,870,325
02 Civilian Allowances.....	241,524		
03 Pay and Allowances.....	48,483,464	44,218,477	44,218,474
04 Professional and Special Services—			
Corps of Commissionaires (40).....	37,000	44,296	44,296
Professional Fees—Architects, Engineers, Land			
Valuation & Legal (41).....	1,165,000	926,440	926,437
Medical & Dental Consultants and Special Services			
(42).....	451,357	667,342	676,341
Fees for special Courses (43).....	250,000	266,471	266,470
05 Travelling and Removal Expenses.....	4,192,600	7,199,462	7,199,459
06 Freight, Express and Cartage.....	2,525,400	1,728,906	1,728,904
07 Postage.....	65,000	82,866	82,865
08 Telephones, Telegrams and other Communication			
Services.....	885,000	740,019	740,108
09 Printing of Departmental Reports and Other Publications	784,240	572,132	568,722
10 Films, Displays, Broadcasting, Advert'g and other Info			
Materials.....	710,000	648,460	648,457
11 Office Stationery, Supplies, Equipment and Furnishings.	540,760	619,575	619,574
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating			
Units (50).....	4,407,905	3,627,097	3,627,096
Clothing and Personal Equipment (51).....	9,472,796	5,184,092	5,184,091
Gasoline, Fuel Oil and Lubricants for Ships, A/C &			
M/E (53).....	8,833,027	6,255,592	6,255,589
Food Supplies (54).....	3,145,000	3,148,808	3,148,806
Miscellaneous Materials and Supplies (55).....	6,568,512	2,553,720	2,553,718
Medical and Dental Supplies (57).....	348,261	365,438	365,437
Ammunition and Bombs (58).....	2,008,199	1,568,037	1,568,037
Barrack, Hospital, Camp and Miscellaneous Stores			
(59).....	4,768,644	2,501,016	2,501,014
13 Acquisition and Const. of Bldgs & Works Incl. Acquisition			
of Land—			
Purchase of Real Properties (Land & Bldgs) (80)...		1,063,750	1,063,741
Construction—Major Contract Projects (81).....	51,785,407	36,682,007	36,756,416
Construction—Day Labour and Minor Contract			
Projects (82).....		3,661,210	3,661,205
14 Repair and Upkeep of Bldgs and Works including Land.	8,200,020	6,353,927	6,346,560
15 Rentals of Land, Buildings and Works.....	414,382	339,362	339,362
16 Major Procurement of Equipment—			
Aircraft and Engines (62).....	46,597,598	56,443,239	56,443,237
M.E. Including Transport (63).....	1,139,132	1,722,960	1,722,959
Armament Equipment (64).....	771,200	243,616	243,615
Signals and Wireless Equipment (65).....	18,915,300	10,164,851	10,164,848
Special Training Equipment (66).....	276,670	193,685	193,682
Miscellaneous Equipment (67).....	1,191,889	2,017,205	2,017,204
17 Repair and Upkeep of Equipment—			
Repairs and Spare Parts for M.E. incl. Transport (73)	1,409,868	1,314,564	1,314,563
Overhaul of Aircraft including Spares (76).....	32,850,654	15,557,226	15,557,224
Miscellaneous Repairs (77).....	3,549,532	8,940	8,938
19 Municipal and Public Utility Services.....	865,000	1,338,833	1,338,832
20 Contributions, Grants, Subsidies, etc. not incl. Elsewhere	88,000	39,797	39,795
21 Pensions, Superannuation & Other Benefits for Personal			
Services.....	66,557	87,233	87,233
22 All other Expenditures—			
Education of Dependent Children (90).....	481,650	178,125	178,123
Laundry and Dry Cleaning (91).....	94,300	171,558	171,556
Expenditure not Elsewhere Provided (92).....	447,334	144,577	110,170
	278,082,837		
Less—Recoverable from Dept. of M. & T.S.....	940,000		
	277,142,837		
Less—Estimated amount for commitments nominally			
to fall due during the 1950-51 fiscal year but			
not required for actual expenditures in that year	47,450,000		
TOTALS.....	229,692,837	230,592,837	230,553,393

## APPENDIX G

## DEPARTMENT OF NATIONAL DEFENCE

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

(Thousand of Dollars)

Requested by Mr. Macdonnell

December 10, 1951

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 31 1951	at October 31 1951	at November 30 1951
<b>NAVY</b>						
<b>Civil Salaries and Wages</b>						
Original Forecast.....	3,250	4,750	6,270	7,470	8,670	9,870
Revised Forecast.....					7,900	9,000
Actual Expenditure.....	3,802	5,074	5,924	6,910	7,692	
<b>Pay and Allowances</b>						
Original Forecast.....	8,200	10,870	13,580	16,380	19,100	21,900
Revised Forecast.....					19,500	22,900
Actual Expenditure.....	8,065	10,788	13,725	16,415	18,858	
<b>Major Procurement Ships and Aircraft</b>						
Original Forecast.....	3,500	7,530	12,300	16,300	21,300	27,300
Revised Forecast.....					17,000	22,000
Actual Expenditure.....	2,623	6,454	9,495	12,844	15,389	
<b>Mechanical Equipment Including Transport</b>						
Original Forecast.....	150	260	370	450	600	700
Revised Forecast.....					300	400
Actual Expenditures.....	095	105	121	145	181	
<b>Armament Equipment</b>						
Original Forecast.....	200	400	700	1,200	2,300	3,500
Revised Forecast.....					3,000	4,000
Actual Expenditure.....	59	196	1,575	1,713	2,525	
<b>Signal and Wireless</b>						
Original Forecast.....	500	1,080	1,750	3,200	3,880	5,500
Revised Forecast.....					1,700	2,300
Actual Expenditure.....	365	650	1,060	1,157	1,534	
<b>Other</b>						
Original Forecast.....	15	30	60	100	160	260
Revised Forecast.....					30	40
Actual Expenditure.....	7	9	10	14	17	
<b>Materials and Supplies Clothing and Personal Equipment</b>						
Original Forecast.....	450	950	1,550	2,250	3,000	4,000
Revised Forecast.....					2,600	3,800
Actual Expenditure.....	443	634	1,194	1,505	2,230	
<b>Ammunition and Bombs</b>						
Original Forecast.....	800	1,150	1,500	2,000	3,000	4,000
Revised Forecast.....					1,500	2,200
Actual Expenditure.....	357	606	766	1,001	1,122	
<b>Barrack, Hospital, Camp and Misc. Stores</b>						
Original Forecast.....	600	9,000	1,200	1,600	2,000	2,500
Revised Forecast.....					800	1,000
Actual Expenditure.....	243	336	518	635	741	
<b>Naval Stores</b>						
Original Forecast.....	1,500	1,800	2,300	3,300	4,500	5,000
Revised Forecast.....					3,200	3,600
Actual Expenditure.....	1,293	1,712	2,092	2,479	3,020	

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—Con.

1951-52 FISCAL YEAR

(Thousands of Dollars)

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 31 1951	at October 31 1951	at November 30 1951
<b>NAVY</b>						
<b>Miscellaneous Supply (Food, Fuel, etc.)</b>						
Original Forecast.....	1,000	1,500	2,000	2,500	3,200	4,000
Revised Forecast.....					3,200	3,800
Actual Expenditure.....	898	1,355	2,120	2,646	3,426	.....
<b>Repair and Upkeep Ships and Aircraft</b>						
Original Forecast.....	1,000	1,500	2,000	3,000	5,000	7,000
Revised Forecast.....					4,100	5,200
Actual Expenditure.....	469	1,440	2,402	3,211	4,521	.....
<b>Mechanical Equipment</b>						
Original Forecast.....	50	70	100	150	200	250
Revised Forecast.....					150	200
Actual Expenditure.....	43	56	77	94	118	.....
<b>Buildings and Works</b>						
Original Forecast.....	400	600	900	1,300	1,700	2,100
Revised Forecast.....					1,700	2,100
Actual Expenditure.....	237	578	946	1,222	1,779	.....
<b>Other</b>						
Original Forecast.....	20	30	50	150	300	500
Revised Forecast.....					50	80
Actual Expenditure.....		10	23	29	40	.....
<b>Acquisition and Construction of Properties</b>						
Original Forecast.....	1,500	2,300	3,250	5,250	7,250	9,250
Revised Forecast.....					5,600	6,800
Actual Expenditure.....	1,440	2,405	3,437	4,261	6,194	.....
<b>Miscellaneous Services</b>						
Original Forecast.....	1,400	1,900	2,500	3,200	4,000	5,000
Revised Forecast.....					4,000	4,600
Actual Expenditure.....	1,175	1,697	2,486	3,151	3,930	.....
<b>Totals</b>						
Original Forecast.....	24,535	45,720	52,380	69,800	90,160	112,630
Revised Forecast.....					76,330	94,020
Actual Expenditure.....	21,614	34,105	47,971	59,432	73,317	.....



## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—Con.

1951-52 FISCAL YEAR

(Thousands of dollars)

Categories	at Jun 30 1951	at Jul 31 1951	at Aug 31 1951	at Sep 30 1951	at Oct 31 1951	at Nov 30 1951
<b>ARMY</b>						
<b>Civil Salaries and Wages, etc.</b>						
Original Forecast.....	5,300	7,050	8,825	10,600	12,375	14,150
Revised Forecast.....					13,900	15,700
Actual Expenditure.....	5,289	7,523	9,940	12,111	14,680	
<b>Pay and Allowances</b>						
Original Forecast.....	20,500	27,500	35,500	44,000	53,000	63,000
Revised Forecast.....					52,000	61,000
Actual Expenditure.....	20,480	29,474	37,127	43,955	51,374	
<b>Major Procurement</b>						
Tanks and A.F.V.'S						
Original Forecast.....						
Revised Forecast.....						
Actual Expenditure.....						
Mechanical Equipment incl. Transport						
Original Forecast.....	500	1,000	1,500	2,000	3,000	4,000
Revised Forecast.....					5,000	7,000
Actual Expenditure.....	498	659	2,385	3,030	3,640	
Armament Equipment						
Original Forecast.....	15,000	16,000	17,000	18,000	19,000	20,000
Revised Forecast.....					17,000	18,000
Actual Expenditure.....	15,627	15,973	16,009	16,096	16,483	
Signal and Wireless						
Original Forecast.....	1,000	1,250	1,500	2,000	2,500	3,000
Revised Forecast.....					2,000	2,500
Actual Expenditure.....	1,051	1,131	1,193	1,449	1,650	
Special Training Equipment						
Original Forecast.....	25	25	50	50	50	75
Revised Forecast.....					100	125
Actual Expenditure.....	21	46	67	81	95	
<b>Materials and Supplies</b>						
Clothing and Personal Equipment						
Original Forecast.....	6,000	7,500	9,000	11,000	13,000	15,500
Revised Forecast.....					16,500	20,500
Actual Expenditure.....	5,912	7,915	10,595	12,407	15,241	
Ammunition and Bombs						
Original Forecast.....	1,500	1,750	2,000	3,000	4,000	5,000
Revised Forecast.....					4,000	5,000
Actual Expenditure.....	1,474	1,481	1,868	3,232	3,366	
Barrack, Hospital, Camp, and Misc.						
Stores						
Original Forecast.....	2,500	3,000	3,500	4,000	5,500	7,500
Revised Forecast.....					8,500	10,500
Actual Expenditure.....	2,426	3,430	4,883	6,835	9,139	
<b>Miscellaneous Supplies</b>						
Food, Fuel, POL, Medical and Dental supplies etc.						
Original Forecast.....	2,900	4,650	6,575	8,650	10,625	12,550
Revised Forecast.....					12,300	15,100
Actual Expenditures.....	3,351	5,411	6,883	9,560	12,225	
<b>Repair and Upkeep</b>						
Tanks and A.F.V.'S						
Original Forecast.....	200	300	400	500	750	1,000
Revised Forecast.....					1,000	1,475
Actual Expenditure.....	228	427	730	798	1,114	

CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1952-52 FISCAL YEAR

(Thousands of dollars)

Categories	at Jun 30 1951	at Jul 31 1951	at Aug 31 1951	at Sep 30 1951	at Oct 31 1951	at Nov 30 1951
<b>ARMY</b>						
Mechanical Equipment						
Original Forecast.....	2,350	3,000	3,650	4,800	6,000	7,250
Revised Forecast.....					6,000	7,000
Actual Expenditure.....	2,285	3,540	4,505	5,195	6,112	.....
Buildings and Works						
Original Forecast.....	3,100	4,375	5,650	6,925	8,200	9,475
Revised Forecast.....					12,000	13,000
Actual Expenditure.....	2,988	4,704	6,905	9,074	11,615	.....
<b>Acquisition and Construction of Property</b>						
Original Forecast.....	5,100	7,650	11,200	15,250	20,300	25,350
Revised Forecast.....					19,200	24,600
Actual Expenditure.....	5,295	8,550	12,148	15,495	19,516	.....
<b>Miscellaneous Services</b> (Professional Services, travel freight, communications, printing, etc.)						
Original Forecast.....	3,900	4,775	6,125	7,675	9,300	11,125
Revised Forecast.....					15,500	18,500
Actual Expenditure.....	3,552	5,902	8,467	12,641	15,269	.....
<b>Totals</b>						
Original Forecast.....	69,875	89,825	112,475	138,450	167,600	198,975
Revised Forecast.....					185,000	220,000
Actual Expenditure.....	70,477	95,986	123,705	151,959	181,519	.....

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—Con.

1951-52 FISCAL YEAR

(Thousands of Dollars)

	June	July	August	September	October	November
<b>AIR FORCE</b>						
<b>Civil Salaries and Wages, Etc.</b>						
Original Forecast.....	3,209	4,289	5,387	6,555	7,720	8,935
Revised Forecast.....					7,400	8,700
Actual Expenditure.....	2,639	3,684	4,952	6,083	7,310	8,563
<b>Pay and Allowances</b>						
Original Forecast.....	13,844	19,790	25,905	32,748	38,888	45,244
Revised Forecast.....					32,000	38,000
Actual Expenditure.....	14,565	20,012	25,241	30,626	36,473	41,568
<b>Major Procurement</b>						
Aircraft and Engines						
Original Forecast.....	24,756	45,190	61,330	80,020	102,920	127,417
Revised Forecast.....					125,000	144,000
Actual Expenditure.....	34,309	66,941	81,970	101,368	122,140	143,372
Mechanical Eqpt. incl. Transport						
Original Forecast.....	1,433	1,606	2,063	3,071	4,500	5,917
Revised Forecast.....					3,000	5,000
Actual Expenditure.....	644	831	1,010	1,145	1,868	2,453
Armament Equipment						
Original Forecast.....	303	389	550	724	985	1,227
Revised Forecast.....					300	500
Actual Expenditure.....	061	107	159	187	225	276
Signal and Wireless						
Original Forecast.....	3,261	5,611	6,861	8,211	9,611	11,011
Revised Forecast.....					6,600	8,000
Actual Expenditure.....	1,871	2,687	3,613	5,354	6,310	7,635
Other						
Original Forecast.....	644	1,252	1,773	2,991	4,369	5,762
Revised Forecast.....					3,000	4,000
Actual Expenditure.....	738	1,173	1,563	2,053	2,709	3,362
<b>Materials and Supplies</b>						
Clothing and Personal Eqpt.						
Original Forecast.....	3,535	5,792	8,052	10,426	13,139	15,906
Revised Forecast.....					7,000	9,500
Actual Expenditure.....	2,644	3,625	4,362	4,995	5,770	7,213
Ammunition and Bombs						
Original Forecast.....	856	1,323	1,649	2,130	2,282	2,496
Revised Forecast.....					1,000	1,500
Actual Expenditure.....	476	485	502	563	818	1,055
Barrack, Hospital, Camp and Misc.						
Stores						
Original Forecast.....	1,383	1,946	2,567	3,223	3,972	4,626
Revised Forecast.....					2,300	3,500
Actual Expenditure.....	867	1,116	1,384	1,722	2,013	2,450
Miscellaneous Supply						
Original Forecast.....	2,361	3,791	4,939	7,490	9,683	13,425
Revised Forecast.....					8,500	12,500
Actual Expenditure.....	2,119	2,620	5,156	6,111	6,614	9,728
Other						
Original Forecast.....	2,241	2,810	3,711	4,397	5,313	5,972
Revised Forecast.....					2,000	2,800
Actual Expenditure.....	347	663	1,115	1,466	1,696	2,006
<b>Repairs and Upkeep</b>						
Aircraft and Engines						
Original Forecast.....	9,418	12,694	16,445	20,181	24,350	29,047
Revised Forecast.....					19,000	23,500
Actual Expenditure.....	5,579	7,897	10,854	16,042	19,109	22,889



CUMULATIVE STATEMENT OF EXPENDITURE—FORECAST AND ACTUAL—*Concluded*

1951-52 FISCAL YEAR

(Thousands of Dollars)

	June	July	August	September	October	November
<b>AIR FORCE</b>						
<b>Repairs and Upkeep—Concluded</b>						
Mechanical Equipment						
Original Forecast.....	042	075	100	197	314	464
Revised Forecast.....					300	600
Actual Expenditure.....	057	080	100	113	128	151
Buildings and Works						
Original Forecast.....	1,422	2,175	3,147	4,100	5,227	6,882
Revised Forecast.....					6,000	7,500
Actual Expenditure.....	1,368	2,395	3,558	5,420	7,528	10,294
Other						
Original Forecast.....	124	253	677	1,341	2,314	3,492
Revised Forecast.....					2,000	3,400
Actual Expenditure.....	419	917	1,220	1,606	2,404	3,325
<b>Requisition and Construction of Properties</b>						
Original Forecast.....	14,091	24,053	35,411	48,710	62,508	75,312
Revised Forecast.....					42,000	51,000
Actual Expenditure.....	10,314	17,306	25,091	34,571	45,167	55,228
<b>Miscellaneous Services</b>						
Original Forecast.....	3,081	3,145	4,424	5,780	7,381	9,494
Revised Forecast.....					13,000	14,000
Actual Expenditure.....	3,458	5,509	8,934	11,382	14,835	18,358
<b>Grand Totals</b>						
Original Forecast.....	86,024	136,184	184,991	242,295	305,476	372,629
Revised Forecast.....					280,400	338,000
Actual Expenditure.....	82,475	138,048	180,784	230,807	283,117	339,926

NOTE.—Above figures are inclusive of expenditures in respect of Air Training chargeable to the Special NATO Appropriation as follows:

Original Forecast (to the end of the year).....	\$ 55,800,000
Revised Forecast (to the end of the year).....	44,774,000
Actual Charges (Accumulated to 31 October 51).....	24,640,775

## APPENDIX H

## DEPARTMENT OF NATIONAL DEFENCE

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY

1951-52 FISCAL YEAR

(Thousands of Dollars)

Requested by Mr. Macdonnell

Date: December 10, 1951.

	Requests for Contracts as at 31 Oct. 1951	Analysis by Procurement Agency		
		DDP	DCL	CMHC
NAVY				
Major Procurement				
Ships and Aircraft.....	189,871	189,871		
Mechanical Equipment including Transport.....	1,484	1,484		
Armament Equipment.....	110,554	110,554		
Signal and Wireless.....	34,908	34,908		
Other.....	193	193		
Materials and Supplies				
Clothing and Personal Equipment.....	17,939	17,939		
Ammunition and Bombs.....	29,395	29,395		
Barrack, Hospital, Camp and Miscellaneous Stores	5,264	5,264		
Naval Stores.....	13,679	13,679		
Miscellaneous Supply.....	7,985	7,985		
Maintenance and Repairs				
Ships and Aircraft.....	9,839	9,839		
Mechanical Equipment.....	360	360		
Buildings and Works.....	1,106	1,106		
Acquisition and Construction of Properties.....	27,057		18,054	9,003
TOTALS.....	449,634	422,577	18,054	9,003

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY—Con.

1951-52 FISCAL YEAR

(Thousands of Dollars)

	Requests for Contracts as at 31 Oct. 1951	Analysis by Procurement Agency		
		DDP	DCL	CMHC
ARMY				
Major Procurement				
Tanks and AFV's.....	42,243	42,243		
Mechanical Equipment including Transport.....	45,507	45,507		
Armament Equipment.....	32,006	32,006		
Signal and Wireless Equipment.....	16,187	16,187		
Materials and Supplies				
Clothing and Personal Equipment.....	112,029	112,029		
Ammunition and Bombs.....	115,231	115,231		
Barrack, Hospital, Camp and Miscellaneous Stores	48,508	48,508		
Miscellaneous Supplies.....	23,527	23,527		
Maintenance and Repairs				
Tanks and AFV's.....	4,307	4,307		
Mechanical Equipment.....	18,198	18,198		
Acquisition and Construction of Properties.....	88,630	10,308	49,606	28,716
TOTALS.....	546,373	468,051	49,606	28,716

ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY—*Concluded*

1951-52 FISCAL YEAR

(Thousands of Dollars)

	Requests for Contracts as at 31 Oct 1951.	Analysis by Procurement Agency			
		DDP	DCL	CMHC	DOT
AIR FORCE					
Major Procurement					
Aircraft and Engines.....	1,159,703	1,159,703			
Mechanical Equipment including Transport.....	21,110	21,110			
Armament Equipment.....	2,243	2,243			
Signal and Wireless.....	48,059	48,059			
Other.....	16,634	16,634			
Materials and Supplies					
Clothing and Personal Equipment...	41,535	41,535			
Ammunition and Bombs.....	29,884	29,884			
Barrack Hospital, Camp & Miscel- laneous Stores.....	18,252	18,252			
Miscellaneous Supply.....	18,710	18,710			
Other.....	11,437	11,437			
Maintenance and Repairs					
Aircraft and Engines.....	111,759	111,759			
Mechanical Equipment.....	2,457	2,457			
Buildings and Works.....	13,215	13,215			
Other.....	12,573	12,573			
Miscellaneous Services.....	6,161	1,657	4,504		
Acquisition and Construction of Properties.....	189,653	6,807	114,322	35,272	33,252
TOTALS.....	1,703,385	1,516,035	118,826	35,272	33,252



## APPENDIX I

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

NAVY-1950-51

Requested by Mr. Macdonnell

Date: December 10, 1951

Expenditures	ANALYSIS OF EXPENDITURES							Local Procurement
	1950-51	DND	DDP	DCL	CMHC	DOT	DVA	
	\$	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	10,955,330	10,932,719				22,611		
02 Civilian Allowances.....	11,615	11,615						
03 Pay and Allowances.....	23,770,440	23,770,440						
04 Professional and Special Services— Corps of Commissionaires.....	479,877	479,877						
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	97,108		70,410	26,698				
Medical and Dental Consultants and Special Services	152,704	107,470					45,234	
Fees for special courses.....	398,436	398,436						
05 Travelling and Removal Expenses.....	2,794,083	2,792,509	737			837		
06 Freight, Express and Cartage.....	620,588	607,326	12,602			660		
07 Postage.....	35,067	35,067						
08 Telephone, Telegrams and other Communication Services	228,545	151,799	68,533			2,573		5,640
09 Printing of Departmental Reports and Other Publications	186,203	186,203						
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	231,788	231,788						
11 Office Stationery, Supplies, Equipment and Furnishings.....	448,559	427,398	18,494					2,667
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	1,108,568		1,100,188					8,380
Clothing and Personal Equipment.....	1,488,666		1,418,544					70,122
Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equipment.....								
Food Supplies.....	2,021,870		1,606,431					415,439
Naval Stores.....	2,646,118		2,357,958					288,160
Medical and Dental Supplies.....	4,038,699		4,005,162			986		32,551
Ammunition and Bombs.....	108,420		106,029					2,391
Barrack, Hospital, Camp and Miscellaneous Stores.....	3,961,443		3,961,443					
	949,725		946,402					3,323

13 Acquisition and Construction of Buildings and Works including Acquisition of Land Purchase of Real Properties (Land and Buildings).....	74,715	72,098			2,617	
Construction—Major Contract Projects.....	9,434,776			6,479,693	6,086	
14 Repair and Upkeep of Buildings and Works including Land	3,818,501	1,739,049				71,306
15 Rentals of Land, Buildings and Works.....	23,331	23,331				
16 Major Procurement of Equipment— Ships and Aircraft.....	7,922,684					
Mechanical Equipment including Transport.....	321,662					
Armament Equipment.....	8,498,429					
Signal and Wireless Equipment.....	3,621,324					14,894
Special Training Equipment.....	67,642					8,754
17 Repair and Upkeep of Equipment— Repairs and Upkeep of Ships and Aircraft.....	8,169,133	2,351,247				
Repairs and Spare Parts for M.E. including Transport	412,458				358	
19 Municipal and Public Utility Services.....	817,619	817,619				9,651
20 Contributions, Grants, Subsidies, etc., not included elsewhere.....	50,674	50,674				
21 Pensions, Superannuation and other Benefits for Personal Services.....	132,272	132,272				
22 All Other Expenditures.....	49,180					
Laundry and Dry Cleaning.....	700,828	549,644				7,730
Expenditures not elsewhere provided.....						
Totals.....	99,849,080	45,868,581	26,698	6,479,693	36,738	841,008
					45,234	

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

NAVY-1951-52 (1 APRIL-31 OCT.)

	Expendi- tures 1st April, 1951- 31st Oct. 1951	ANALYSIS OF EXPENDITURES							Local Procure- ment
		DND	DDP	DCL	CWHC	DOT	DPW		
	\$	\$	\$	\$	\$	\$	\$	\$	
01 Civil Salaries and Wages.....	7,619,826	7,605,683							
02 Civilian Allowances.....	8,976	8,976							
03 Pay and Allowances.....	18,959,098	18,858,098			14,143				
04 Professional and Special Services— Corps of Commissioners.....	230,252	230,252							
Professional Fees—Architects, Engineers, Land Valua- tion and Legal.....	348,194		348,194						
Medical and Dental Consultants and Special Services.....	46,448	46,448							
Fees For Special Courses.....	8,588	8,588							
05 Travelling and Removal Expenses.....	1,682,304	1,682,068			236				
06 Freight, Express and Cartage.....	312,246	312,246							
07 Postage.....	8,435	28,435							
08 Telephones, Telegrams and other Communication Services.....	126,432	74,196	49,684		645			1,907	
09 Printing of Departmental Reports and Other Publications.....	78,704	68,704							
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	119,261	119,261							
11 Office Stationery, Supplies, Equipment and Furnishings.....	128,001	109,025	17,975					1,001	
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	325,476	323,775						1,701	
Clothing and Personal Equipment.....	2,230,751	2,224,164						8,587	
Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equipment.....	1,105,120	760,253						334,867	
Food Supplies.....	1,736,100	1,452,136						283,964	
Naval Stores.....	3,019,385	2,987,183			455			31,747	
Medical and Dental Supplies.....	52,758	51,146						1,612	
Ammunition and Bombs.....	1,122,210	1,122,210							
Barrack, Hospital, Camp and Miscellaneous Stores.....	740,271	738,544						1,727	



13 Acquisition and Construction of Buildings and Works Including Acquisition of Land— Purchase of Real Properties (Land and Buildings).... Construction—Major Contract Projects..... Construction—Day Labour and Minor Contract Projects.....	59,901 6,121,262 13,079	59,901 ..... 325	2,420,372 ..... 12,754	3,693,419 ..... 782	6,689 ..... .....
14 Repair and Upkeep of Buildings and Works including Land.....	1,764,227 14,216	960,061 14,216	781,351 .....	..... .....	22,815 .....
15 Rentals of Land, Buildings and Works.....	15,389,043 181,203 2,524,486 1,534,153 17,120	..... ..... ..... ..... .....	15,389,043 181,203 2,524,486 1,534,153 17,120	..... ..... ..... ..... .....	..... ..... ..... ..... .....
16 Major Procurement of Equipment— Ships and Aircraft..... Mechanical Equipment including Transport..... Armament Equipment..... Signal and Wireless Equipment..... Special Training Equipment.....	4,521,224 118,069 40,000 350,517 30,736 63,358	1,761,957 ..... ..... 359,517 30,736 63,358	2,759,267 115,059 40,000 ..... ..... .....	..... ..... ..... ..... ..... .....	..... 3,010 ..... ..... ..... .....
17 Repair and Upkeep of Equipment— Repair and Upkeep of Ships and Aircraft..... Repairs and Spare Parts for Mechanical Equipment including Transport..... Repair and Upkeep of Naval Armament Equipment.....	..... ..... ..... ..... .....	..... ..... ..... ..... .....	..... ..... ..... ..... .....	..... ..... ..... ..... .....	..... ..... ..... ..... .....
18 Rentals of Equipment.....	.....	.....	.....	.....	.....
19 Municipal and Public Utility Services.....	.....	.....	.....	.....	.....
20 Contributions, Grants, Subsidies, etc. not included else- where.....	.....	.....	.....	.....	.....
21 Pensions, Superannuation and other Benefits for Personal Services.....	.....	.....	.....	.....	.....
22 All other Expenditures.....	23,242 674,521 59,642Cr	..... 588,734 59,642Cr	21,334 85,787 .....	..... ..... .....	1,908 ..... .....
34 Less Estimated Savings and Recoverable Items.....	.....	.....	.....	.....	.....
Totals.....	73,317,551	32,941,143	33,188,627	2,768,566 3,693,419	6,689 702,846

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

ARMY—1950-51

	Expenditures 1950-51 Fiscal year	Analysis of Expenditure						Local Procure- ment
		DND	DDP	DCL	CMHC	DOT	Public Works	Other Govern- ment Depts.
01 Civil Salaries and Wages.....	19,762,282	19,762,282						
02 Civilian Allowances.....	186,500	186,500						
03 Pay and Allowances.....	64,998,903	64,998,903						
04 Professional and Special Services: Corps of Commissionaires.....	420,301	420,301						
Professional Fees—Architects, Engin- eers, Land Valuation and Legal.....	402,374		286,894	115,480				
Medical and Dental Consultants and Special Services.....	787,058							
Fees for Special Courses.....	130,664	130,664						589,365
05 Travelling and Removal Expenses.....	8,007,574	7,674,768	332,075					731
06 Freight, Express and Cartage.....	4,598,608	4,300,668						210
07 Postage.....	139,483	139,483						
08 Telephones, Telegrams and other Communi- cation Services.....	929,190	713,921	212,450					2,819
09 Printing of Departmental Reports and Other Publications.....	642,090							642,090
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	1,082,093	1,076,774						5,319
11 Office Stationery, Supplies, Equipment and Furnishings.....	1,144,246		22,438				1,114,512	7,296
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	5,836,916	5,836,916						
Clothing and Personal Equipment.....	9,760,893	9,758,138						2,755
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	2,149,840		2,083,782					66,058
Food Supplies.....	7,075,811	6,663,966						411,845
Medical and Dental Supplies.....	1,225,602	1,209,625						15,977
Ammunition and Bombs.....	941,225	941,225						
Barrack, Hospital, Camp and Miscel- laneous Stores.....	6,507,516	6,384,047						123,469

13 Acquisition and Construction of Buildings and Works Including Acquisition of Land—Purchase of Real Properties (Land and Buildings).....	678,667	743,461	7,390,293	1,035,272	18,343,841	678,667		
Construction—Major Contract Projects.....	27,512,867							
Construction—Day Labour and Minor Contract Projects.....	5,424,314	358,484	3,662,157	1,318,512		85,161		
14 Repair and Upkeep of Buildings and Works including Land.....	11,771,684	3,636,993	7,914,844					219,247
15 Rentals of Land, Buildings and Works.....	481,649							
16 Major Procurement of Equipment—M.E. including Transport.....	12,581,276		12,581,276					19,177
Armament Equipment.....	1,434,303		1,415,126					28,369
Signal and Wireless Equipment.....	1,490,931		1,462,562					25,563
Special Training Equipment.....	114,628		89,065					
17 Repair and Upkeep of Equipment—Spare Parts for Tanks and A.F.V.'s.....	1,960,690		1,960,690					
Repairs and Spare Parts for M.E. including Transport.....	4,745,524		4,467,351					278,173
Repair by Contract.....	2,384,998		2,130,486					204,512
19 Municipal and Public Utility Services.....	2,111,723	2,111,650						64
20 Contributions, Grants, Subsidies, etc., not included elsewhere.....	989,495	989,495						
21 Pensions, Superannuation and other Benefits for Personal Services.....	188,336	188,336						
22 All other Expenditures.....	215,716	215,716						
Education of Dependent Children.....	470,728		470,728					87
Laundry and Dry Cleaning.....	492,978	492,891						
Expenditures not elsewhere provided.....								
Totals.....	211,779,076	108,820,641	77,326,134	2,469,264	18,343,841	678,667	85,161	1,411,671
Other Government Departments—								
04 Veterans Affairs 09.11—King's Printer.....								
06 Canadian Maritime Commission.....								

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

ARMY-1951-52 (1 APRIL-31 OCT.)

	Expenditures 1 April— 31 October 1951	ANALYSIS OF EXPENDITURES							
		DND	DDP	DCL	CMHC	Transport	Public Works	Other Govt. Depts.	Local Pro- curement
01 Civil Salaries and Wages.....	14,280,206	14,280,206							
02 Civilian Allowances.....	229,219	229,219							
03 Pay and Allowances.....	51,374,184	51,374,184							
04 Professional and Special Services:— Corps of Commissioners.....	263,261	265,261							
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	386,707		386,707						
Medical and Dental Consultants and Special Services.....	242,746	242,746							
Fees for special Courses.....	22,349	22,349							
05 Travelling and Removal Expenses.....	6,289,512	6,137,359	151,193						960
06 Freight, Express and Cartage.....	4,496,047	3,865,057						630,049	941
07 Postage.....	121,225	121,225							
08 Telephones, Telegrams and other Communi- cation Services.....	505,043	392,399	111,224						1,420
09 Printing of Departmental Reports and Other Publications.....	126,397						126,397		
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	821,297	798,938							22,359
11 Office Stationery, Supplies, Equipment and Furnishings.....	1,004,618							977,345	8,580
12 Materials and Supplies: Fuel and Heating, Cooking and Power Generating Units.....	1,929,444		1,928,807						637
Clothing and Personal Equipment.....	15,241,379		15,220,881						20,498
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	1,131,104		1,094,647						36,457
Food Supplies.....	6,860,021		6,566,498						293,523
Medical and Dental Supplies.....	1,174,513		1,163,112						11,401
Ammunition and Bombs.....	3,365,824		3,365,824						
Barrack, Hospital, Camp and Miscel- laneous Stores.....	9,138,641		8,938,166						200,475

13	Acquisition and Construction of Buildings and Works Including Acquisition of Land: Purchase of Real Properties (Land and Buildings).....	598,357 17,803,071	490,397	2,592,339	10,275,149	4,442,605	585,482	12,875 2,581	
	Construction—Major Contract Projects.....								
	Construction—Day Labour and Minor Contract Projects.....	1,114,679	279,354	349,246	451,293			24,976	9,810
14	Repair and Upkeep of Buildings and Works including Land.....	11,397,213 217,520	5,405,797 217,520	5,858,608					132,878
15	Rentals of Land, Buildings and Works.....								
16	Major Procurement of Equipment:								
	Mechanical Engineering including Transport.....	3,640,326		3,640,326					
	Armament Equipment.....	16,483,462		16,467,421					16,041
	Signal and wireless Equipment.....	1,649,662		1,623,271					26,391
	Special Training Equipment.....	94,544		70,093					24,751
17	Repair and Upkeep of Equipment:								
	Spare Parts for Tanks and A.F.V.'s.....	1,111,248		1,111,248					
	Repairs and Spare Parts for Mechanical Engineering including Transport.....	4,323,303		4,101,652					221,651
	Repair by Contract.....	1,789,327		1,563,841					225,486
19	Municipal and Public Utility Services.....	1,035,600		1,035,550					50
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	81,293		81,293					
21	Pensions, Superannuation and other Benefits for Personal Services.....	171,285		171,285					
22	All other Expenditures:								
	Education of Dependent children.....	97,317		97,317					
	Laundry and Dry Cleaning.....	222,031		221,933					98
	Expenditures not elsewhere provided.....	538,686		538,631					55
34	Miscellaneous Recoverables and Imputed Advances.....	80,629		80,629					
	Other Government Departments—Suspense.....	63,611		63,611					
	TOTALS.....	181,519,201	86,190,257	76,159,023	11,113,149	4,442,605	585,482	40,432	1,254,462

Other Government Departments—  
05 Canadian Maritime Commission 09-11—Kings Printer.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

AIR FORCE-1950-51

ANALYSIS OF EXPENDITURES							
	Expendi- ture 1950-51	DND	DDP	DCL	CMHC	DOT	Local Procure- ment
	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	9,870,325	9,704,926				165,399	
02 Civilian Allowances.....							
03 Pay and Allowances.....	44,218,474	44,218,474					
04 Professional and Special Services— Corps of Commissioners.....	44,296	44,296					
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	926,437	500,281		422,502		3,654	371,918
Medical and Dental Consultants and Special Services.....	676,341	304,423					2,944
Fees for Special Courses.....	266,470	263,526					
05 Travelling and Removal Expenses.....	7,199,450	7,189,374				10,085	
06 Freight, Express and Cartage.....	1,728,904	1,728,531				373	
07 Postage.....	82,865		380,848			29,257	82,865
08 Telephones, Telegrams and other Communication Services.....	740,018						329,913
09 Printing of Departmental Reports and Other Publications(a).....	568,722	568,722					
10 Films, Displays, Broadcasting, Advertising and other Information Materials (a).....	648,457	558,952					89,505
11 Office Stationery, Supplies, Equipment and Furnishings (a).....	619,574	376,372	236,050			4,126	3,026
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	3,627,096		3,627,096				
Clothing and Personnel Equipment.....	5,184,091		4,978,491				205,600
Gasoline, Fuel Oil and Lubricants, for Ships, A/C and M/F.....	6,255,589		5,454,701				800,888
Food Supplies.....	3,148,806	2,791,419					357,387
Miscellaneous Materials and Supplies.....	2,553,718		1,598,295			17,825	937,598
Medical and Dental Supplies.....	365,437	331,905	33,532				
Ammunition and Bombs.....	1,568,037		1,567,548				489
Barrack, Hospital, Camp and Miscellaneous Stores.....	2,501,014		2,320,868				180,146
13 Acquisition and Construction of Buildings and Works Including Acqui- sition of Land: Purchase of Real Properties (Land and Buildings).....	1,063,741			11,231,543	25,431,915	1,063,741	
Construction—Major Contract Projects.....	36,756,416					92,958	
Construction—Day Labour and Minor Contract Projects.....	3,661,205		3,588,486				72,719
14 Repair and Upkeep of Buildings and Works including Land.....	6,346,560		3,184,614				3,161,946
15 Rentals of Land, Buildings and Works.....	339,362	268				48,142	290,952



16 Major Procurement of Equipment—									
Aircraft and Engines.....	56,443,237								
Mechanical Equipment including Transport.....	1,722,959								
Armament Equipment.....	243,615								5,781
Signal and Wireless Equipment.....	10,164,848								61,552
Special Training Equipment.....	193,682								2,193
Miscellaneous Equipment.....	2,017,204								38,409
17 Repair and Upkeep of Equipment									
Repair and Spare Parts for Mechanical Equipment including									
Transport.....	1,314,563								1,199,584
Overhaul of Aircraft, including Spares.....	15,557,224								169,775
Miscellaneous Repairs.....	8,938								
18 Rentals of Equipment.....	1,338,832								
19 Municipal and Public Utility Services.....	39,795								1,133,834
20 Contributions, Grants, Subsidies, etc., not included elsewhere.....	87,233								15,963
21 Pensions, Superannuation and other Benefits for Personal Services.....									
22 All other Expenditures—									
Education of Dependent Children.....	178,123								153,917
Laundry and Dry Cleaning.....	171,556								159,725
Expenditures not elsewhere provided.....	110,170								65,770
Totals.....	230,553,393	68,736,934	113,350,540	11,654,045	25,431,915	1,435,560			9,944,399
									(b)

NOTES: (a) Normally procured through King's Printer.

(b) Includes Local Purchases direct from the trade as well as requisitions on local DDP offices and locally hired day labour on maintenance projects.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

Air Force—1951-52 (1 APRIL-31 OCT.)

		ANALYSIS OF EXPENDITURE						Local Procure- ment
		Expenditures 1 Apr/51— 31 Oct/51	DND	DNP	DCL	CMHC	DOT	
01	Civil Salaries and Wages.....	7,165,431	7,055,470	.....	.....	.....	109,961	.....
02	Civilian Allowances.....	74,577	74,577	.....	.....	.....	.....	100
03	Pay and Allowances.....	36,473,423	36,473,323	.....	.....	.....	.....	.....
04	Professional and Special Services: Corps of Commissionaires.....	45,164	42,784	.....	.....	.....	.....	2,380
	Professional Fees—Architects, Engineers, Land Valuation and Legal.....	1,375,870	8,296	.....	1,364,184	.....	.....	3,390
	Medical and Dental Consultants and Special Services.....	231,990	12,065	.....	.....	.....	.....	219,925
05	Fees for Special Courses.....	235,070	233,287	.....	.....	.....	.....	1,783
	Travelling and Removal Expenses.....	5,626,754	5,023,193	.....	.....	.....	2,773	788
06	Freight, Express and Cartage.....	1,388,977	1,370,027	.....	.....	.....	3,420	15,630
07	Postage.....	65,722	.....	.....	.....	.....	.....	65,722
08	Telephone, Telegrams and other Communication Services.....	422,702	140	190,458	.....	.....	9,215	222,839
09	Printing of Departmental Reports and other Publications..... (a)	55,023	53,137	.....	.....	.....	.....	1,886
10	Films, Displays, Broadcasting, Advertising and other Information Materials..... (a)	525,648	451,661	.....	.....	.....	.....	73,987
11	Office Stationery, Supplies, Equipment and Furnishings..... (a)	661,199	344,261	.....	.....	.....	1,275	40,789
12	Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	1,442,232	.....	1,421,445	.....	.....	.....	20,787
	Clothing and Personal Equipment.....	5,909,566	70,204	5,699,976	.....	.....	.....	139,386
	Gasoline, Fuel Oil and Lubricants for Ships, A/C and M.E.....	3,398,873	.....	2,972,514	.....	.....	.....	426,359
	Food Supplies.....	1,281,912	1,109,075	.....	.....	.....	.....	172,837
	Miscellaneous Materials and Supplies.....	2,409,750	34,807	1,655,593	.....	.....	6,899	712,451
	Medical and Dental Supplies.....	448,822	400,000	37,379	.....	.....	.....	11,443
	Ammunition and Bombs.....	818,334	66,770	751,281	.....	.....	.....	283
	Barrack, Hospital, Camp and Miscellaneous Stores.....	2,348,730	772	2,012,208	.....	.....	.....	335,750
13	Acquisition and Construction of Buildings and Works including Acqui- sition of Land— Purchase of Real Properties (Land and Buildings).....	859,215	220,290	.....	.....	.....	638,578	347
	Construction—Major Contract Projects.....	43,903,810	.....	1,921,053	31,443,226	8,213,788	2,325,743	.....
	Construction—Day Labour and Minor Contract Projects.....	404,694	161,705	242,556	.....	.....	.....	433
14	Repair and Upkeep of Buildings and Works including Land.....	7,434,913	.....	7,427,920	.....	.....	.....	6,993
15	Rentals of Land, Buildings and Works.....	111,584	110,170	.....	.....	.....	.....	1,414

16	Major Procurement of Equipment— Aircraft and Engines.....	122,150,684	4,447,634	117,692,468		10,585
	Mechanical Engineering including Transport.....	1,934,188	72,319	1,793,752		69,117
	Armament Equipment.....	232,544	45,942	179,086		7,516
	Signals and Wireless Equipment.....	6,367,353	71,564	6,238,223		57,566
	Special Training Equipment.....	122,126	6,138	113,660		2,328
	Miscellaneous Equipment.....	2,949,807	78,055	2,510,862		360,899
17	Repair and Upkeep of Equipment— Repair and Spare Parts for Mechanical Equipment including Transport.....	798,086	670	127,206		670,210
	Overhaul of Aircraft including Spares.....	19,173,697	199,944	18,909,595		64,158
	Miscellaneous Repairs.....	2,462,249	5,052	2,398,900		58,297
18	Rentals of Equipment.....	802,749	771,355			31,394
19	Municipal and Public Utility Services.....	31,221	19,412			11,809
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	70,024	70,020			4
21	Pensions, Superannuation and other Benefits for Personal Services.....					
22	All Other Expenditures— Education of Dependents Children.....	154,174	63,467	77,077		13,630
	Laundry and Dry Cleaning.....					102,248
	Expenditures not elsewhere provided.....	564,700	404,567			160,133
	Adjustment—Miscellaneous and other Governments Recoverable.....	80,939	80,839			
	Totals.....	283,116,774 (c)	60,253,092	174,650,086	32,807,410	4,094,534 (b)
					8,213,788	3,097,864

NOTES: (a) Normally procured through King's Printer.

NOTES: (a) Normally procured through King's Printer.  
(b) Includes local purchases direct from the trade as well as requisitions on local DDP offices (Local allotments only).

(c) Expenditure total includes accountable advances.

**NOTE:** The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts show in some instances are estimates and have not been obtained by a detailed examination of all invoices.

NOTE: Above expenditures include accumulated charges re NATO Air Training which are properly chargeable to the Special NATO Appropriation (Parliamentary Vote S 246). These charges to Oct. 31/51 amount to \$24,640,775.



## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

## DEFENCE RESEARCH BOARD-1950-51

	Expenditures 1950-51	Expenditures Analysed by Procurement Agency					Local Pro- curement
		DND	DDP	CMHC	NRC	OGD'S	
	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	3,744,927	3,730,334				14,593	
02 Civilian Allowances.....	48,983	48,983					
03 Pay and Allowances.....	75,891	75,891					
04 Professional and Special Services.....	131,016	15,279	107,560				8,177
05 Travelling and Removal Expenses.....	328,602	308,746	19,856				
06 Freight, Express and Cartage.....	42,615	42,615					
07 Postage.....	2,291	2,291					
08 Telephones, Telegrams and other Communication Services.....	30,793	23,990	3,032			3,771	
09 Printing of Departmental Reports and other Publications.....	67,039					67,039	
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	7,121					7,121	
11 Office Stationery, Supplies, Equipment and Furnishings.....	105,632					105,632	
12 Materials and Supplies.....	1,063,587	26,534	671,085		35,300	83	330,585
13 Acquisition and Construction of Buildings and Works including Acqui- sition of Land.....	2,109,264	344,090	1,104,725	552,466			107,983
14 Repair and Upkeep of Buildings and Works including Land.....	302,680	114,461	84,398				103,821
15 Rentals of Land, Buildings and Works.....	11,396	11,596					
16 Major Procurement of Equipment.....	11,631,365	51,287	11,194,841		76,280		308,957
17 Repair and Upkeep of Equipment.....	324,899	61,248	200,408				63,243
18 Rentals of Equipment.....							
19 Municipal and Public Utility Services.....	27,235	10,268	8,720		7,184		1,063
20 Contributions, Grants, Subsidies, etc., not including elsewhere.....	1,345,433	1,345,453					
21 Pensions, Superannuation and other Benefits for Personal Services.....	43,368	43,368					
22 All other Expenditures.....	1,043,367	104,074	628,204		27,978	275,592	7,516
89 Communications Research.....	927,555	149,658	750,861			25,960	1,076
Totals.....	23,415,329	6,510,166	14,773,690	552,466	146,742	499,844	932,421

Note: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

DEFENCE RESEARCH BOARD-1951-52 (1 APRIL-31 OCT.)

		ANALYSIS OF EXPENDITURES							
	Expenditures 1 April- 31 October, 1951								
		DND	DDP	DCL	CMHC	DOT	NRC	OGD	Local Pro- curement
01. Civil Salaries and Wages.....	2,970,611	2,965,330				5,281			
02. Civilian Allowances.....	37,034	36,622						412	
03. Pay and Allowances.....	41,735	41,735							
04. Professional and Special Services.....	140,289	15,060		125,229					
05. Travelling and Removal Expenses.....	275,045	219,882	55,181			182			
06. Freight, Express and Cartage.....	13,826	13,826							
07. Postage.....	1,793	1,793							
08. Telephones, Telegrams and other Communi- cation Services.....	25,753	24,474				1,279			
09. Printing of Departmental Reports and other Publications.....	27,035	26,997					38		
10. Films, Displays, Broadcasting, Advertising and other information materials.....	14,095	14,095							
11. Office Stationery, Supplies, Equipment and Furnishings.....	68,240	64,828							
12. Materials and Supplies.....	669,003	5,477	269,064					3,412 6,425	367,775
13. Acquisition and Construction of Buildings and Works Including Acquisition of Land.....	1,438,909	8,549	39,701	1,092,244	193,395				105,020
14. Repair and Upkeep of Buildings and Works including Land.....	97,669	47,141	23,279						27,249
15. Rentals of Land, Buildings and Works.....	4,042	1,482							2,560
16. Major Procurement of Equipment.....	6,306,888	29,828	6,122,963						154,097
17. Repair and Upkeep of Equipment.....	92,072	684							91,388
18. Rentals of Equipment.....	10		10						
19. Municipal and Public Utility Services.....	11,238	5,327	5,286						625
20. Contributions, Grants, Subsidies, etc., not included elsewhere.....	692,908	642,908					50,000		
21. Pensions, Superannuation and other Benefits for Personal Services.....	14,794	14,794							
22. All other Expenditures.....	312,752	17,742	247,144			160			508
89. Communications Research.....	602,987	70,504	531,933				18,631	28,567	550
TOTALS.....	13,858,728	4,268,878	7,294,561	1,217,473	193,395	6,902	88,931	38,816	749,772

NOTE. The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

DEPARTMENTAL ADMINISTRATION—1950-51

	Expenditures 1950-51	ANALYSIS OF EXPENDITURES		
		DND	DDP	Local Procurement
	\$	\$	\$	\$
01 Civil Salaries and Wages.....	2,141,970	2,141,970		
02 Civilian Allowances.....	620	620		
04 Professional and Special Services— Professional Fees—Architects, Engineers, Land Valuation and Legal.....	5,029	5,029		
05 Travelling and Removal Expenses.....	262,448	262,448		
06 Freight, Express and Cartage.....	1,967	1,967		
07 Postage.....	24,926	24,926		
08 Telephones, Telegrams and other Communication Services.....	23,991	23,991		
09 Printing of Departmental Reports and other Publications.....	63,586	63,586		
11 Office Stationery, Supplies, Equipment and Fur- nishings.....	72,090	72,090		
12 Materials and Supplies— Fuel for Heating, Cooking and Power Gener- ating Units.....	3,149			3,149
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	1,905			1,905
Miscellaneous Materials and Supplies.....	40,213		40,213	
14 Repair and Upkeep of Buildings and Works includ- ing Land.....	65,405	94	64,043	1,268
16 Major Procurement of Equipment— M.E. Equipment including Transport.....	8,114		8,114	
Miscellaneous Equipment.....	46,384		46,384	
17 Repair and Upkeep of Equipment— Repairs and Spare Parts for M.E. Equip- ment including Transport.....	294			294
19 Municipal and Public Utility Services.....	2,251	2,251		
21 Pensions, Superannuation and other Benefits for Personal Services.....	4,584	4,584		
22 All other Expenditures— Expenditures not elsewhere provided.....	215,535	215,535		
Imperial War Graves Commission.....	466,099	466,099		
Totals.....	3,450,560	3,285,190	158,754	6,616



## APPENDIX I (Conc.)

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

DEPARTMENTAL ADMINISTRATION 1951-52 (1 April-31 October)

	Expenditures 1st April to 31st Oct. 1951	ANALYSIS OF EXPENDITURES		
		DND	DDP	Local Procurement
	\$	\$	\$	\$
01 Civil Salaries and Wages.....	1,939,265	1,939,265		
04 Professional and Special Services— Professional Fees—Architects, Engineers, Land Valuation and Legal.....	74,086		74,086	
05 Travelling and Removal Expenses.....	257,466	257,466		
06 Freight, Express and Cartage.....	1,603	1,603		
07 Postage.....	28,061	28,601		
08 Telephones, Telegrams and other Communication Services.....	15,318	15,318		
09 Printing of Departmental Reports and Other Publications.....	32,468	32,468		
11 Office Stationery, Supplies, Equipment and Furnishings.....	54,496	54,496		
12 Materials and Supplies— Miscellaneous Materials and Supplies.....	25,542		25,542	
14 Repair and Upkeep of Buildings and Works including Land.....	18,068		18,068	
15 Rentals of Land, Buildings and Works.....	472	472		
16 Major Procurement of Equipment— Miscellaneous Equipment.....	66,914		66,914	
17 Repair and Upkeep of Equipment— Repairs and Spare Parts for Mechanical Equipment including Transport.....	48			48
18 Rentals of Equipment.....	3	3		
19 Municipal and Public Utility Services.....	910	910		
20 Contributions, Grants, Subsidies, etc., not in- cluded elsewhere.....				
21 Pensions, Superannuation and other Benefits for Personal Services.....	5,710	5,710		
22 All other Expenditures Expenditures not elsewhere provided.....	32,537	32,537		
Miscellaneous Recoverables.....	5,887	5,887		
	2,559,394	2,374,736	184,610	48

## APPENDIX J

Statement covering:

1. The cost of training, equipping and maintaining the 25th Brigade now in Korea;
2. The cost of RCAF participation in Korea airlift; and
3. The cost to the Navy of its participation in Korean naval operations.

## COST OF 25 CANADIAN INFANTRY BRIGADE

*Requested by Mr. Macdonnell*

1. *Pay and Allowances*

Total Pay and Allowances of 25 Infantry Brigade, all ranks on Brigade strength, to 30 November, 1951 amounts to \$17,364,714:

Fiscal Year 1950-51 .....	\$ 8,479,033
Fiscal Year 1951-52 (8 months) .....	8,885,681
Total .....	\$17,364,714

2. *Maintenance Support at Fort Lewis, WN. And Transportation Inward to Fort Lewis*

- (a) Charges by United States Army for maintenance support provided the Canadian Army at Fort Lewis amount to \$2,655,753.46 (\$2,519,883.78 U.S. funds), made up as follows:

Food supplies .....	\$1,171,986.17
Repair and upkeep of buildings .....	162,152.10
Fuel—heating, cooking, operation of mechanical equipment including transport; lubricants .....	438,307.27
Barrack, hospital, camp and miscellaneous equipment and stores .....	125,230.64
Laundry and dry cleaning; clothing maintenance .....	113,247.37
Equipment maintenance—spare parts and contract repair .....	216,022.90
Medical supplies and services .....	289,973.72
Miscellaneous—communication services, training ammunition .....	138,833.29
Total .....	\$2,655,753.46

- (b) Transportation to Fort Lewis from training establishment in Canada initial move only (return from embarkation leave destination point not included) amounts to \$798,420.

- (c) Total—United States Army support and initial move to Fort Lewis
- |                                       |                |
|---------------------------------------|----------------|
| (i) United States Army support .....  | \$2,655,753.46 |
| (ii) Initial move to Fort Lewis ..... | 798,420.00     |

Total .....	\$3,454,173.46
-------------	----------------

3. *Expenditure to Complete Equipment 25 Canadian Infantry Brigade (purchases only, items drawn from stocks NOT included).*

Mechanical equipment—weapon carriers, trucks crawler tractors, trailers, water supply sets, mechanical refrigerator units mobile bath units .....	\$ Canadian 8,567,068
Armament—mortars, rocket launchers, flame throwers .....	242,863
Tanks .....	3,045,000
Signals equipment .....	442,884
Field ranges, cooking outfits, inflammable drums, gas bottles .....	112,868

Clothing—socks, field trousers .....	495,020
Office equipment and appliances .....	89,898
Medical equipment and supplies .....	45,646
Demolition stores, mines and flares .....	15,333
Total .....	<u>\$13,056,580</u>

4. *Costs of 25 Canadian Infantry Brigade in Korea and Japan  
To November 30, 1951*

Pay and Allowances .....		\$ Canadian
Maintenance Support*		9,086,697
Civil Salaries and Wages .....	24,500	
Food supplies .....	2,915,911	
Fuel—for heating cooking, operation of power generators, mechanical equip- ment including transport; lubricants ...	423,523	
Barrack, camp, hospital and miscellaneous equipment and stores .....	1,296,412	
Laundry and dry cleaning .....	162,074	
Maintenance of clothing and personal equipment .....	3,168,991	
Ammunition and bombs .....	11,253,476	
Maintenance of mechanical equipment— spare parts, contract repair .....	5,566,400	
Medical and dental services and supplies ...	2,227,032	
Armament maintenance .....	538,259	
Signal and wireless equipment maintenance	153,587	
Communication services—telegraph, etc. ...	31,700	
Miscellaneous labour hire .....	17,000	
Maintenance and repair of buildings .....	20,237	
Freight, express and cartage# .....	1,564,900	
Office supplies, equipment .....	300,500	29,644,506
Total .....		<u>38,751,203</u>

\* Comprises cost of all supplies and stores received in Far East, including items of Canadian, United States, United Kingdom and Australian origin.

# Refers to charges covering maintenance support not included in main ocean movement referred to in paragraph 5 below.

5. *Cost of Trans-Pacific Surface TransportationØ*

(a) Personnel—westbound .....	1,711,522	
—eastbound .....	70,153	1,781,675
(b) Freight—ocean transportation .....	1,444,032	
Port handling—stevedoring, port switching port proofing of cargo .....	237,860	1,681,892
Total .....		<u>3,463,567</u>

Ø Cost to December 1, 1951 for all service performed by United States Military Sea Transport Service and includes costs of charter and operation of the freighters put into the United States Military Sea Transport Service shipping pool.



## ESTIMATED COST OF KOREAN AIRLIFT FOR PERIOD ENDED 31 OCT. 51

(1) Pay and Allowances .....	\$1,603,651
(2) Travelling Expenses .....	269,204
(3) Accommodation, rations, station services .....	475,829
(4) Freight and Express .....	23,156
(5) Miscellaneous local procurement .....	36,138
(6) Aero gas and oil .....	831,883
(7) Overhaul and Maintenance of aircraft .....	1,210,255
(8) Chartered Airlift	
Canadian Pacific Airlines .....	4,501,218
Total .....	<u>\$8,951,334</u>

## BASIS OF CALCULATIONS

*Pay and Allowances*

Actual expenditure for pay and allowances for the period 426 Squadron was based at Tacoma, August 1950—June 1951.

Estimated cost of pay and allowances for the balance of the period because actual expenditures constitute a part of those of Station Lachine. The estimated monthly cost is lower than the actual at Tacoma because the squadron is carrying out other commitments and the number of aircraft assigned to the Korean Airlift has been reduced.

*Travelling Expenses*

Actual expenditures for the period 426 Squadron was based at Tacoma. Estimated cost for balance of the period calculated as for item 1.

*Accommodation, Rations Station Services*

Actual expenditures for the period 426 Squadron was based at Tacoma made in accordance with the per capita rate negotiated with the U.S.A.F. For the balance of the period the cost of rations for squadron personnel has been included.

*Freight and Express*

Actual expenditures for the period the squadron was based at Tacoma.

*Miscellaneous Local Procurement*

Actual expenditures as recorded by the Chief Treasury Officer, Department of National Defence.

*Aero Gas and Oil*

Actual expenditures are included for the period ended 31 Mar. '51 during which aero gas and oil was purchased from the U.S.A.F. For the balance of the period the cost is estimated for the actual flying hours at the rate of consumption during the period of direct purchase.

*Overhaul and Maintenance of Aircraft*

Estimated cost based on indices of overhaul and maintenance costs per flying hour, for the types of aircraft in use. Indices were prepared from statistics over a period of time and in accordance with formulae produced by U.S. commercial airlines and the Department of Transport.

*Chartered Airlift—Canadian Pacific Airlines*

This amount represents expenditures made on the airlift contract with Canadian Pacific Airlines which was authorized by Orders in Council.

## COST OF NAVY OPERATIONS IN KOREAN WATERS TO 31 OCTOBER, 1951

Pay and Allowances of Officers and Men .....	2,841,792
Food .....	799,364
Fuel Oil .....	1,221,372
Ammunition .....	1,200,000
Repairs and Refits of Ships .....	541,517
Stores .....	33,577
Clothing .....	2,181
	<hr/>
	\$6,639.803

The above figures cover the operation of the following destroyers:

Ship	From	To	Officers	Men
<i>Cayuga</i>	5 July 1950	7 April 1951	14	265
	19 June 1951	31 Oct. 1951	14	243
<i>Athabaskan</i>	5 July 1951	17 May 1951	15	259
	2 Aug. 1951	31 Oct. 1951	15	254
<i>Sioux</i>	5 July 1950	4 Feb. 1951	15	237
	8 April 1951	31 Oct. 1951	15	227
<i>Nootka</i>	25 Nov. 1950	21 Aug. 1951	15	248
<i>Huron</i>	22 Jan. 1951	21 Sept. 1951	16	248

Pay and Allowances are based on actual pay and allowances for officers and men on each Destroyer from the time ship left Esquimalt until she returned to home port.

Food is based on cost of feeding in Korean operational zone at \$1.75 per day.

Repairs and maintenance covers cost of repairs and refit of various destroyers on return from Korean operation.

Fuel covers cost of fuel to September 30, 1951 and is based on actual consumption of the various destroyers to that date.

Ammunition is based on consumption reports to May, 1951 and estimated consumption to October 31, 1951 based on available information.

Clothing and Stores represent items purchased by ships during operation and does not include items issued from stores while ships are in home ports.

## APPENDIX K

## COST OF TRAINING, EQUIPPING AND MAINTAINING 27TH CANADIAN INFANTRY BRIGADE TO 30 NOVEMBER, 1951

1. *Pay and Allowances, to 30 Nov. 51*

Total for all ranks on strength of Brigade (replacements not included) from date of organization to 30 Nov. 51 .....\$ 4,889,375

2. *Cost of Occupation Valcartier Camp*

Rehabilitation and repair of wartime construction, to make ready for occupancy .....	1,020,020
Additional fuel for heating and cooking .....	36,400
Additional public services .....	18,200
Civil salaries and wages, extra employment .....	42,885
Gasoline, fuel oil expenses, operation of mechanical equipment including transport .....	91,020
Food supplies and catering .....	505,824

Total .....\$ 1,714,349

3. *Expenditures to Complete Equipment and Stores*

(items drawn from stock not included)

Vehicles—jeeps, trucks .....	835,388
Tanks .....	248,900
Weapons .....	7,500
Signal equipment .....	258,323
Ammunition—U.S. natures .....	1,009,342
Medical equipment and supplies .....	23,046
Office appliances and equipment .....	56,075
Clothing .....	187,264

Total .....\$ 2,625,838

4. *Transportation Charges*

Expenditures in Canada (include expenditures respecting replacement elements as not available separately)

Travelling and Removal Expenses .....	1,151,776
Freight, Express and Cartage .....	916,543
	<hr/> 2,068,319

## Ocean Transportation

Personnel .....	445,235
Freight .....	1,032,344
	<hr/> 1,477,579

Total .....\$ 3,545,898







HOUSE OF COMMONS  
Fifth Session—Twenty-first Parliament  
1951  
(Second Session)

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SPECIAL COMMITTEE  
ON  
**DEFENCE EXPENDITURE**

Chairman—Mr. DAVID A. CROLL

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MINUTES OF PROCEEDINGS AND EVIDENCE

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No. 4

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THURSDAY, DECEMBER 13, 1951

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WITNESS:

Mr. M. W. Mackenzie, C.M.G., Deputy Minister, Department of Defence  
Production.

OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1952







## MINUTES OF PROCEEDINGS

THURSDAY, December 13, 1951

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Balcom, Blanchette, Campney, Cavers, Churchill, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Power, Pinard, Quelch, Stick, and Wright. (24).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Mr. T. N. Beaupre, Mr. G. W. Hunter, and Miss Ruth E. Addison.

From the *Department of National Defence*: Mr. C. M. Drury, Mr. E. B. Armstrong, Mr. R. J. Sutherland, Mr. G. W. Dunn, and Mr. A. S. Duncan.

From the *Department of Finance*: Mr. R. Keith.

Before proceeding, Mr. Macdonnell called the attention of the Committee to a request for a tender from the Department of Defence Production. He quoted document S-20-K-909, dated October 22nd, 1951, and commented on the quantity required of this article to be tendered for.

In this connection, Mr. McIlraith suggested that, in future, notice of such questions as the one raised by Mr. Macdonnell should be given to the Subcommittee on Agenda.

The Chairman tabled the following documents, prepared by the Department of National Defence, which were ordered printed as *appendices* to this day's evidence, namely:

*Appendix L—*

Construction of Barracks and Messes for the Armed Forces since April 1, 1950, showing locations, numbers, type, total and per capita cost.

*Appendix M—*

Return showing land and buildings purchased from April 1, 1950 to October 31, 1951, and leases of land and buildings in force on December 1, 1951.

Mr. M. W. Mackenzie was called and produced a document in answer to a question of Mr. Wright, and was questioned thereon.

*Appendix N—*

Orders placed by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence for selected items of operational equipment, April, 1950-November, 1951.

*Ordered* that the above documents be printed.

In relation to *Appendix N*, Mr. Drew asked that additional information be supplied with respect to the date of orders placed, and dates and points of deliveries.

After a discussion on procedure, the Chairman quoted the Order of Reference.

It was agreed to incorporate in the printed record for the convenience of the members of the Committee, and the officials concerned, or any other similar committee, lists of questions which the members care to submit to the Chairman, until Saturday, December 15.

The Chairman thanked Messrs. Drury and Mackenzie for their assistance and co-operation. Messrs. Drury and Mackenzie were retired.

After discussion, Mr. Drew moved that "when the Committee rises this day, it stand adjourned until Saturday at a time to be designated by the Chairman".

The question being put on Mr. Drew's motion, it was resolved in the negative on the following division:

*Yeas:* Messrs. Adamson, Churchill, Drew, Harkness, and Macdonnell. (5)

*Nays:* Messrs. Blanchette, Campany, Cavers, Gauthier (*Portneuf*), George, Henderson, Hunter, James, Jones, MacDougall, McCusker, McIlraith, Stick, and Wright. (14)

The question of presenting a report having been raised, it was agreed that no report would be presented to the House.

At 1.15 o'clock p.m., the Committee adjourned *sine die*.

ANTONIO PLOUFFE,

*Clerk of the Committee*



## EVIDENCE

THURSDAY, December 13, 1951.

11:30 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. MACDONNELL: Mr. Chairman, may I ask the Department of Defence Production for information about a tender which I understand has been called for a certain article. I think now would be the time for me to do it. I have here, I suppose I should call it a request for a tender from the Department of Defence Production, dated October 22nd, 1951, and it is for 63,000 of what are described as "forks—serving". Well, that struck one of the people who was asked to tender as a strange order because he exhibited to me a sample of the article concerned, it seemed to me to be a rather mysterious sort of weapon, which he says it called for in this tender. I have one of them with me, Mr. Chairman, here it is. (Wooden handled long table fork displayed). I made inquiries about this both from hotel people and from merchants and they assure me that this by no stretch of the imagination could ever be wanted in that quantity; I mean, a large hotel might want a score or two score.

Mr. MACDOUGALL: What do they use them for?

Mr. MACDONNELL: Serving forks. I am quite an expert on it now. It is a serving fork and apparently it is used by the waiter when he comes along to the table at dinner and he has a platter with meat carved up on it and then as he goes along serving he ladles it out with his fork. I am told that this is not what is generally considered as a serving fork. It is not the kind of thing that I had exhibited to me in a hotel where I made certain inquiries, and I am assured by a responsible person that this is exactly similar to the kind of thing that was exhibited in the department in answer to an inquiry which was made pursuant to the call for tenders. There is one other thing which perhaps I might consider. There seems to be some difference as to departmental requirement—as to the amount—because a question was asked in the House about this number and the answer given was 40,000 not 63,000; but I still think there must be some extraordinary blunder in calling tenders for serving forks of this kind and in calling for, perhaps not for 63,000, but even for 40,000, of this dangerous instrument, or anything like that; but I thought, Mr. Chairman, that it would be well to mention it. I might say that the person who sent this information was convinced himself that there was a certain amount of carelessness and excess ordering in respect to some of the items, and I am given to understand that this is not the only one. Incidentally, the number of the tender is S-20-K-909, dated October 22nd, 1951.

Mr. MACDOUGALL: That could be used as an auxiliary bayonet too.

Mr. McILRAITH: Mr. Chairman, might I say a word before we go further? Could we not get some procedure in this committee whereby we could be given the tender number in advance. We could then get the information. There is no point in trying to discuss it now when there has been no opportunity to look up the record. It is very easy to turn up this sort of information and find out all about it if we have notice in advance. It seems to me that notice of this type of question should be given to the steering committee. It would be a more orderly procedure and more helpful to the committee at large. We are in the position of having the subject mentioned and put on the record as

evidence when we know nothing about it at this point. It would have been better to have it done in an orderly way and to have all the evidence put in at the same time. I suggest that the steering committee might develop a method of having notice of questions of this sort so that they can be disposed of at one sitting.

Mr. MACDONNELL: I am sorry if I have done anything disorderly, but it does seem to me that we have plenty of time still; I understand we are going to be here for weeks more.

The CHAIRMAN: I suppose we will have to feel our way as we go along. I had no idea what Mr. Macdonnell was likely to bring up, consequently there was no opportunity to decide whether it was proper or not but we will try to avoid that sort of thing in the future.

I have answers to three outstanding questions. One was by Mr. Wright on the construction of barracks and messes and recreational facilities since April 1st, 1950, by units and per capita cost. Would you pass that answer around please? It will be incorporated in the record.

(See Appendix L)

Construction of Barracks and Messes.

While that is being passed around there is an outstanding question by Messrs. Jones, Stick and Churchill relating to land purchased or leased by the Department of National Defence since April 1st, 1950, and leases of land and building in force at December 1st, 1951. That will also be incorporated into the record.

(See Appendix M: Land purchased and leased by Department of national Defence.)

The CHAIRMAN: Gentlemen, you now have copies of both of these statements that will be incorporated into the record. The only outstanding question we have now is the one requiring information on weapons requested by Mr. Macdonnell. I will have Mr. Mackenzie give the answer to that.

In the interest of orderliness it was thought that Mr. Mackenzie's statement should be printed into the record. He has something to add by way of explanation, then after that is given we will call Mr. Drury and continue where we left off. (See Appendix "N" Orders Placed by Canadian Commercial Corporation and Department of Defence Production for Department of National Defence.)

**Mr. M. W. Mackenzie, Deputy Minister of Defence Production, recalled:**

The WITNESS: In tabling this list of orders placed on behalf of the Department of National Defence, I would like to make just one or two explanatory comments. When the Department of Defence Production was established in April of this year, and in recognition of the marked expansion of the procurement program, it established a much more detailed statistical classification of orders placed than had been necessary prior to that time. The system which was adopted in substantially that followed in the United States. This involved a major expansion of our statistical organization and the employment of a punch card system. The department came into existence on the 1st of April, but the new statistical system only became operative in July. I will not attempt to describe the system of classification in any detail but just by way of illustration, prior to the introduction of this system we had a classification "vehicles", but now I am told that there are some 24 subclassifications of vehicles. I mention this simply so that the committee will know that in respect of orders that are being placed today we will be able to give a more extensive breakdown than we



could in relation to contracts placed in 1950. Now, if we have interpreted correctly the questions that have been asked, they have been directed to what might be described as operational equipment which, for example, in the case of vehicles would mean tanks, self-propelled weapons and military type vehicles to the exclusion of civilian type vehicles, such as passenger or load carrying or off-the-road vehicles. In an attempt to provide the details now requested of orders placed and payments made thereagainst—not only in respect of the orders currently being placed but going back to April, 1950—we have had to examine the major contracts that have been let since April, 1950. They have had to be tabulated in a way so that the expenditures against any of the contracts can be shown. The figures that have been prepared will, I hope, meet the committee's requirements, but I want to make it clear that they do not include a large number of relatively small orders. The totals given for the various categories are totals of major contracts only. I am satisfied that no major items have been omitted, but there has not been time to prove the figures by detailed reconciliation, which would involve the examination of tens of thousands of very small contracts. I might say that the contracts that are listed represent about 62 per cent of the total contracts let during the period. The balance, of course, would be accounted for largely by construction contracts; by the textile program, including clothing and footwear; by such items as fuel, food, barrack room stores, and so on. Now, the estimated values that are given are, in some instances, too low, although it is not yet possible to revise those estimates in any firm way.

*By Mr. Harkness:*

Q. What do you mean by "estimated values" there? As I understand this, you have here a list of the contracts which have been let.—A. That is right.

Q. That is not an estimate, is it?—A. The first column of figures in each case is the estimated value of the contract.

Q. In other words, these are not firm contracts, then?—A. Oh, yes, these are firm contracts.

Q. I mean, as far as the total amount is concerned?—A. Many of these contracts do not state a firm price.

Q. That is what I mean—I should have said a firm price.—A. We have had to estimate what the ultimate cost would be.

Mr. MACDONNELL: Does the word "value"—

The CHAIRMAN: Just a minute, gentlemen. We have followed the procedure of permitting the witness to finish his statement, and then if you would like some clarification he would answer questions. Please go on, Mr. Mackenzie.

The WITNESS: The first column shows estimated value, which is the estimate of the amount involved that was made at the time the contract was let. As I was explaining, some of those estimates are, to some extent, out of date. Some of them are too low. We know that costs are increasing since the contract was placed but we have not been able to revise each one of these estimates. In other cases, some of the estimates have been too high, and we have been able to do a little better, but it must be recognized that these are estimated values and it is the only thing that could be given at this stage. Some of the contracts are, as I said in my earlier statement, cost plus contracts where we do not know at all what the ultimate is going to be.

Mr. MACDONNELL: Mr. Mackenzie, may I interrupt? Mr. Chairman, are you really ruling that now that we are on this statement with itemized figures which the deputy is going over you do not want us to ask him questions about these figures?



The CHAIRMAN: You will be able to deal with these figures in a few minutes. Mr. Mackenzie is now making a statement that is explanatory to those figures. When he is finished you will be able to question him.

The WITNESS: As far as payments against individual contracts are concerned, those are labelled expenditures. I should point out that the aggregate figures of payments made against the total program do give an indication of the total progress to date. As you narrow this information down to specific types and, still further, as you narrow it down to individual contracts, it becomes more difficult to draw firm conclusions from those figures. For example, some contracts provide for a down payment. Some contracts provide for progress payments. In some cases payments are not made until delivery. Then there is the fact of certain pool orders which are placed. I explained in my earlier statement that we have, through the revolving fund of the department, placed pool orders, for example, for the propulsion machinery for the escort vessels; that is a contract, incidentally, which has been placed with the John Inglis Co. The payments made there cannot be related to each individual contract for a ship, which contract is with a shipyard.

Mr. WRIGHT: On the fourth page, Mr. Chairman, down near the bottom of the page, there is an item with respect to Sorel Industries Limited for 138 105 Howitzers, for \$846,197, and following that there is an item for the United States government in connection with 88 105 mm howitzers, and the value is \$1,457,646. Why is there such a difference there?

The CHAIRMAN: Mr. Wright, if you will please let the witness finish his statement, I will recognize you.

The WITNESS: Now, one important field in which it has not been possible to make a suitable analysis of orders placed is that of Electronics because of the technical nature of the equipment and the fact that it is usually, but not always, incorporated in some other piece of equipment. Consequently it is most difficult to analyze it statistically. Furthermore, in this field rather more than others, there is a large element of work which is classified for security reasons. Accordingly, I do not have a table of major electronic orders placed although it should be noted that the aircraft figures which are given do include the electronics gear that has to be actually embodied in the airframe. It has not been possible, to separate this out. But if I had to hazard a guess, I would say that the electronic equipment in that program must amount to between \$200 million and \$300 million. But it is not possible to pick it out individually. Electronic equipment is therefore aircraft figures.

However, in the case of ships the figures do not include the specialized electronic equipment that will be ultimately installed. Apart from these complications, as I have said, there is a substantial volume of orders in the electronics field which is classified. The principal item in the field that can be clearly identified is the mobile radar set known as the No. 4 mark VI. This order has been placed with Canadian Arsenals Limited, and has an estimated value of some \$35 million. Three hundred of these sets, however, are being built as part of our NATO mutual aid program.

The figures for payments that will be given are, of course, supplied by the Department of National Defence, since payments are to be made through the Department of National Defence. But the figures for orders placed are taken from records of the Department of Defence Production. One additional point should be mentioned. At the top of the first sheet, there is a summary. I would like to read it for greater clarity.

The list covers all major orders placed on behalf of the Department of National Defence for operational equipment, with the exception of specialized electronic items. The figures given for aircraft, however, include the value of the electronic gear to be embodied in the actual

airframes. The estimated value of the orders and the expenditures there against relate to production contracts only and do not include those for capital assistance or development. The period covered is from April, 1950 to November, 1951.

One other item that is of importance is this: you will see at the bottom of the summary an item reading: "Expenditure for bulk orders placed with the United States government for divisional equipment" in the amount of \$46 million.

It is just not possible to allocate that \$46 million over the various individual items because the payments are made against a bulk order, which payments have been made to the United States government. It would relate largely to categories 2, 3, and 4. Orders marked with an asterisk are the ones against which this bulk payment of \$46 million applied. I think that is all I have to say, Mr. Chairman.

The CHAIRMAN: It is intended to have a short question period, and then revert to Mr. Drury. I think you have a question, Mr. Wright?

Mr. WRIGHT: Yes. I have a question in regard to page 2 of mimeographed price list.

The CHAIRMAN: You must speak up, Mr. Wright. You say your question is on page 2?

Mr. WRIGHT: That is right, on page 2 of mimeographed document.

The CHAIRMAN: Page 2 of Mr. Mackenzie's report?

Mr. WRIGHT: That is right. You will see there an item for Sorel Industries Limited of 138 105 mm. Howitzers with estimated value of \$1,500,000.

The CHAIRMAN: That would be about the middle of the page?

Mr. WRIGHT: In the lower part of the page.

*By Mr. Wright:*

Q. And for the United States government there is an item of 38 105 mm. Howitzers with an estimated value of \$1,457,646. Approximately the same amount of money is being paid for only 88 of those howitzers bought from the United States government as compared with \$1,500,000 for 138 of those howitzers being paid to Sorel Industries Limited. Might we have an explanation for that?—A. This is just an illustration of what I was saying, that the estimated values can be very misleading. The 88 howitzers were being bought from the United States government and that is the estimate we got from them on what we would have to pay. That is not a firm contractual price. That is an estimate which was received at the time. Now, in addition to buying 88 howitzers from the United States it was decided to manufacture this particular type of howitzer in Canada and it was thought at the time that the order would amount to \$1½ million, but whether that will prove to be the case, only time will tell.

—Q. Then these figures do not really mean very much?—A. I was particularly careful to say that, when talking about these orders for equipment that are being made for the first time in Canada, it is practically impossible to be categorical as to what the items are going to cost.

Q. You will notice that there is a vast difference in these two items?—A. It may well be.

Q. It would look as if they could be made much cheaper at home than brought in from outside the country.—A. It may well be that the purchase from the United States will not amount to as much as that, or it may well be that the cost of manufacturing them in Sorel will be higher.

Mr. MacDOUGALL: It is a new venture, is it not?



The WITNESS: Yes, it is a new venture and I cannot say that is what it is going to cost.

*By Mr. Drew:*

Q. On the first page of the summary, the first item relates to small arms and machine guns, .60 calibre (15.2 mm) and under; does that include any rifles?—A. You can see the details of the item on the second page. Each of those items is fully detailed.

Q. Then there are no rifles which are not included on the second page?—A. No, only the items recorded. But you will notice the last item on the page which has to do with "parts, accessories and repairs for .303 rifles."

Q. What about that item for 20,951 .30 calibre rifles?—A. I am sorry. There are four orders here which are marked as "partly suspended"; and you will notice in the explanation at the top of the page that it says:

This figure includes orders for United States type small arms valued at \$1,103,621 on which procurement has been suspended pending clarification of the issue of standardization.

Q. That being so, it would be correct to say then that the total orders to Canadian Arsenals Limited are for 1,176 .22 caliber rifles, and there is no former order given them for rifles?—A. That is correct. And these orders that have been placed have been suspended.

Q. That is right. Now let me go on to machine guns. Where in this item are machine guns? I see that there are 12,291 Browning .5 machine guns, and that is an order placed with Canadian Arsenals Limited on which \$26,620 has been spent. Now, can you tell me when that order was placed?—A. I have not got the date here, Mr. Drew.

Q. Would you get that for me and say, so that we will understand these figures, that expenditures are made currently as delivery is completed. Is that not so? Just so we will understand these figures and the interpretation of them, expenditures are made currently as delivery is completed, is that so?—A. That depends on the terms of the contract. As I said earlier, some contracts provide for down payments, some contracts provide for progress payments—

Q. Yes?—A. Other contracts provide for payment only at the time of delivery. A very good illustration of that is the contract for trucks, military type vehicles.

Q. Yes?—A. In category 3 you will see the last item is General Motors of Canada, two and a half ton trucks. The expenditure is nil, but the amount of the order is \$13 million.

Those trucks are actually coming off the production now and so work has been done, but in that case we have not been billed by General Motors because—and I happen to know that particular one—payment is only made after final acceptance. We have not made payments to General Motors in that case.

Q. Well, I am simply dealing with the weapons of an infantry unit. The machine guns that are on order are Browning .5 machine guns and do we take it those are the only machine guns on order at this time?—A. This is a complete list of all major items, the same as the other.

Q. If that is so, I think we can take it those are the only machine guns on order at the present time—that is of standard machine guns? Then, I see an item of 2,025 .45 calibre sub-machine guns on order from the United States government on which no expenditure has been made, and I see beside that item that it is partly suspended—so there is no order at the present time for machine guns?—A. As I explained earlier all these items marked with the asterisk are those in the total group of items against which there has been \$46 million spent but which cannot be allocated to individual orders.



Q. But that is covered by the indication that the order has been suspended?  
 —A. Yes, but part of that might have been delivered. It may be that some part of this order have been delivered.

Mr. MACDONNELL: Would it not be a matter of record?

*By Mr. Drew:*

Q. You would be able to tell us?—A. I have not got the information here.

Q. Would you get that information?—A. In respect of—

Q. Of how many of the sub-machine guns have been delivered.

Then I see there is a small order of 734 .50 calibre machine guns. Do you know what type that is—it does not name the type?—A. I could not tell you.

Q. The reason I ask is that .5 and .50 are the same and I notice you have 12,291 Browning .5 machine guns?—A. I am afraid I cannot answer that.

Q. Could you get that information.

Of course, again in mentioning that, it is one of the orders that has been suspended—but you are going to get information as to the details.

Going further down there is an order with Harrington and Richardson Arms Company Limited for 4,440 survival weapons. Do you know what they are?  
 —A. I understand a survival weapon is for example issued to air crew, in event of their having to look after themselves in the bush.

Q. It is a .22 rifle?—A. Yes, I understand so.

Q. Where are Harrington and Richardson Arms Company located?—  
 A. Drummondville.

Q. Well, from this Mr. Mackenzie, might we take it that there are no PIAT's or similar weapons on order?—A. Well, Mr. Drew, PIAT's come under the heading of rocket launchers and there are separate sheets for each classification.

Q. Well, let us wait then—but what about bazookas, would they come under rocket launchers?—A. Yes.

Q. What about recoilless guns, under what heading do they come?—  
 A. They are labelled recoilless rifles, under the heading of artillery and naval guns.

Q. The six-pounder anti-tank gun would come under artillery weapons would it?—A. Yes.

The CHAIRMAN: Gentlemen, this is quite an important document placed before you by Mr. Mackenzie. I think we ought to give it some study and consideration before doing any more questioning on it—unless you have something immediate.

Mr. DREW: Yes, but I was simply checking as to where these infantry weapons were.

The CHAIRMAN: I think those are proper questions.

*By Mr. Drew:*

Q. Before I pass on from sheet 1, Mr. Mackenzie, are you in a position to say, from your knowledge as deputy minister of Defence Production, whether a decision has been made in regard to the calibre of rifle and standard machine gun that we are going to employ in our defence forces?—A. I cannot answer that question.

Q. Well in any event, just simply so we leave no doubt about it, there are no orders for rifles, sub-machine guns, machine guns, or other infantry weapons that are not included here?—A. This, to the best of my knowledge, is a complete list of the major orders placed during the period stated.

Q. Then we come to the next page?

Mr. MACDOUGALL: What page are you on now, Mr. Drew?

Mr. DREW: Page 2 of the summary.

On the next page I see there is an order for 59 4.2 inch mortars, or that order is suspended?

The WITNESS: No, sir. That is not so.

*By Mr. Drew:*

Q. Then the mark means something different on this page?—A. No, sir, the ones that have been partially suspended have been marked “suspended” or “partially suspended” and the asterisk refers to items against which the \$46 million has been paid but which cannot be allocated to the individual orders.

Q. Then the order has been placed for 59 4.2 inch mortars, but there is no expenditure, and I gather from your explanation that it is difficult to allocate the particular amount that would be appropriated to that particular purpose. Are these mortars yet delivered?—A. I cannot answer that, Mr. Drew.

Q. Well, would you get information as to when the order was placed and whether delivery has been made—or when delivery may be expected?

Mr. McILRAITH: Could I get, for the record, an explanation of the asterisk at this item for 59 4.2 mortars. As I understand it, the item of \$46 million in the summary is in the expenditures column and has been spent, and the mortars may have been paid for out of this \$46 millions and may have been delivered. Is my understanding on that point correct?

The WITNESS: Yes, I just have not the information as to whether they have been delivered.

Mr. McILRAITH: But they could have been delivered and may have been paid for.

Mr. HARKNESS: In connection with this whole thing, neither the expenditures item nor anything else gives us any idea of what deliveries have been made? That is really what it comes to?

The WITNESS: That is right. This does not cover deliveries of equipment.

Mr. HENDERSON: Mr. Mackenzie, some of these items may have been delivered in Korea and you do not know what items may have been delivered in Canada?

The WITNESS: I was using the word “delivered” to mean delivery to the Department of National Defence wherever they took delivery.

Mr. HENDERSON: No matter where it is delivered?

The WITNESS: No matter where it is delivered.

*By Mr. Drew:*

Q. So that some of these orders may simply be orders that were completed for the purpose of equipping our troops in Korea with American equipment. Is that the idea?—A. Yes, it may well be.

Q. But that does not necessarily tell us what guns we have for our own forces in this country or for European forces.—A. As I understand the question, it was with respect to orders and deliveries that have been made against them.

Mr. DREW: Yes, but it does not give us the picture too clearly unless first of all we know when the orders have been placed and then link that up with the general expectation of deliveries and also, in cases where they have not been delivered, when deliveries may be expected.

The CHAIRMAN: In fairness to the witness, Mr. Drew, he has answered the question which was asked him. If there are any other questions, more specific questions, I am quite sure he will answer them also.

Mr. MACDONNELL: Mr. Chairman, might I make one comment? I think on these questions we asked, it was important that we should have a clear knowledge as to where these things were to be used; that is, whether they were for the forces in Korea and elsewhere. Unfortunately, we are not to have the question answered in such a way that we would know if they are available in Canada. I mean, this question of delivery is most important—of course money is also important—but I think we should know what provision is made for deliveries in Canada. The real question has to do with weapons for troops in Canada. It does seem to me important that we should know what the weapons delivery schedule is and that is a top priority question that we ought to know about.

The CHAIRMAN: At the last meeting there was great emphasis placed on what weapons had been purchased. This gives you that information. The question as to what weapons have been delivered will also be answered in due course.

Mr. DREW: I just want to correct that to this extent. You will recall the terms of reference to the committee were to examine into the use of public money in relation to defence, and what is most important to us is that we should know what the requisitions are as we may relate them fully to defence preparations and to the needs of our defence forces. In that respect deliveries are most important because, in the first place, deliveries tell us the story. The second point is that it does not tell us where these weapons are and the number that are available for our own defence resources here in Canada. That was the object of asking the question; and if the witness hasn't got that information now may I ask him to supply us with it at the earliest possible moment.

Mr. MACDONNELL: We should know what the deliveries are in Canada; what is actually happening not only in Korea and in Europe but also what the position of deliveries is in Canada.

Mr. DREW: This does not tell us very much about deliveries in Canada. The fact that you have had deliveries of these 59 4·2 mortars in Korea; does not mean much in explaining what mortars are available for Canadian defence preparation or for the fitting out of our own forces. That is what I have in mind in this question.

Mr. McILRAITH: Isn't there a reference to defence expenditures? We are considering defence expenditures at the moment and we are starting right on it. I think that the point Mr. Drew is making will emerge from the discussion.

Mr. DREW: That is what I am trying to get at.

Mr. McILRAITH: I know that but we must start with the contracts that have been placed, the actual expenditures on them and the commitments. Now, I think that is the point. Of course, that information by itself is not all Mr. Drew is concerned about, but it does start us off.

Mr. DREW: But it will, Mr. McIlraith. If we know the details of the contracts that have been placed, as I pointed out, then we know when the orders were placed and when deliveries on those contracts can be expected; that is exactly what I had in mind.

Mr. McILRAITH: That is what they are giving us now in their report.

Mr. DREW: I appreciate that.

Mr. McILRAITH: They have given us a great volume of information this morning and we are getting along, as I see it, very quickly. I do not think you can just come forward with the whole thing all neatly tabulated because it is a very big job. Some of these contracts are tremendous things, and there is much detail which will have to be obtained. However, I don't see too much difficulty about it.



Mr. HUNTER: Mr. Drew wishes to determine whether 59 4.2 mortars have been delivered. It would seem that the purpose of this question is to try to determine the present state of the Canadian armed forces. I suggest that by obtaining that information which he is seeking he will not be achieving what he is endeavouring to ascertain, because without a complete list of the mortars already in the possession of the armed forces no true picture will emerge. I suggest, therefore, that without the additional information, which is outside the terms of reference of this committee, the question serves a very limited purpose.

Mr. DREW: I do not think so, Mr. Hunter. I think Mr. McIlraith has quite clearly indicated the relative facts of the situation. He pointed out that the facts are related to the contracts. I notice there is a reference there to 65 seventy-five millimetre weapons.

The CHAIRMAN: The department has tabled the answers to approximately 10 or 12 very long and very involved questions. My thought was that we would give this committee as much information as we could possibly place in their hands before prorogation. With that in mind, I have been urging the department on your behalf to supply all the information they can, and they are supplying a great deal of information. If there is further information which you require, let us know about it as soon as possible, we cannot be having many more meetings, if any. For that reason this questioning may do some good, but my thought is—and I go back now to the terms of reference, and I think Mr. Hunter's point may well be kept in mind—that the committee was set up to examine all expenditures of public money for National Defence and all commitments for expenditures for National Defence since March 31, 1950.

Mr. MACDONNELL: And to report from time to time their opinions thereon.

The CHAIRMAN: Yes, on expenditures. That is what we are committed to. I am not suggesting that the questions are out of order at the moment, but let us not lose ourselves, let us deal with expenditures for the time being. We may have an opportunity or another occasion to reach some conclusions.

Mr. DREW: Without attempting to reach any conclusions, may I ask Mr. Mackenzie if you know whether the 65 fifty-five millimetre rifles have been delivered.

The WITNESS: No, I have no figures of delivery here, Mr. Drew. This information, of course, again has to come from the Department of National Defence.

The CHAIRMAN: There is another question referring to selected items of operational equipment. Is it your request that we are to have delivery dates on all the items? Will that satisfy you? The date of order, the date of delivery?

Mr. DREW: Yes, the date of order and the date of delivery, and where delivered to.

The CHAIRMAN: The date of order and date of delivery. There may be no trouble on that, but from there on leave it at that. The delivery place is, of course, headquarters.

Mr. DREW: Let me explain what I mean. The fact is generally known that when our forces were sent to Korea they did their final training in the United States and they were equipped with American weapons—I think it is very important for us to know whether some of those items represent the weapons that were delivered for the purpose of equipping them to go to Korea. If those weapons represent the weapons delivered to the troops gone to Korea, then, of course, we immediately know what expenditure has or has not been made on weapons for both the active and reserve forces now training in Canada, as well as forces that we are sending to Europe. The last question I asked, Mr. Chairman, is with regard to the 65 55 millimetre rifles, which are like field guns.

The CHAIRMAN: Mr. Drew asked a general question on all this. The question asked you now is the date these orders were placed, the dates on which delivery was made and the place of delivery.

Mr. MCILRAITH: As I understand Mr. Drew's last question it has to do with the use of these weapons, that is whether they went to the force in Korea or not. That is something of which this witness would have no knowledge. There may be some difficulty there. That may have to be obtained elsewhere.

Mr. DREW: I recognize that difficulty, but this witness will be in a position to answer the questions in regard to the date of the contracts and the date on which completion is to be effected.

The CHAIRMAN: The date when deliveries were made.

Mr. DREW: And are to be made. In other words, the essential details of the contract in that respect.

The CHAIRMAN: Let us be more specific so that we do not again misunderstand each other. The date the contracts were placed, the date when deliveries were made and, at what point were deliveries made.

Mr. DREW: And it grows out of the question I have already asked, when delivery of the balance of order may be expected.

The CHAIRMAN: Yes.

The WITNESS: I doubt very much that we can satisfactorily answer that. The dates on which the orders were placed is a matter that can be determined. The actual quantities that have been delivered to the Department of National Defence, I am sure, can be determined. Where they are delivered is, of course, a matter which we have no knowledge of in the Department of Defence Production. As far as making a forecast of the deliveries of all these items it would be, indeed, a very difficult task, if it is possible. We could do this for some of the items, undoubtedly, but with a great number of these items it is very difficult to set the production dates, and the forecasts are changing from time to time by reason of supply conditions.

*By Mr. Macdonnell:*

Q. Granted that one recognizes there may be changes, but surely every contract must indicate some expectation when it is at least hoped that delivery would be made, does it not?—A. In the contract itself?

Q. Or in the negotiations, let us say.—A. From the negotiations we know and have expectations as to when deliveries are going to commence on some of these orders.

*By Mr. Drew:*

Q. Mr. Mackenzie, is it not perfectly obvious that the one thing that the General Staff would want to know more than anything else, subject to all the variations that are inevitable, would be when they might expect delivery of weapons in relation to which they will be basing their plans for training and the dispatch of troops?—A. We have estimates of when these weapons are going to be delivered.

Q. Certainly; that is all I am asking.—A. They are not firm dates. The suggestion has been made that these are part of the contractual arrangements.

Mr. MACDONNELL: Maybe I used the wrong word. You said you had expectations of delivery.

*By Mr. Drew:*

Q. You can tell us when you expect delivery? You can answer from your records as to when you expect delivery?—A. It is very difficult, particularly in the case of the United States government deliveries.

Q. I simply point this out to illustrate the importance of the question and of getting some information in whatever form is most desirable. No plans could be made unless there was some anticipated date of delivery.—A. May I suggest we take notice of this question and see what we can do with it.

The CHAIRMAN: He said that he would attempt to answer the questions.

Mr. DREW: The 75 mm rifles would be light field guns?

The WITNESS: Those are recoilless rifles.

Mr. DREW: You say they are recoilless rifles.

The CHAIRMAN: What page are you on?

Mr. HARKNESS: Page 2 of mimeographed document.

Mr. DREW: Yes, page 2; and in the case of the 138 105 mm howitzers, I see there has been no payment, so I do not propose to ask further about it because the general information I have already asked for would cover it when you get that information. Now, what about the 88 105 mm howitzers?

Mr. STICK: The 88 105 mm howitzers cost \$1,457,646. The asterisk does not mean there is no payment which may be included in the \$46 million at the end of the page. Is that not right?

The WITNESS: That is right.

*By Mr. Drew:*

Q. I was referring to the 138 105 mm howitzers just above that item in relation to which it is shown that there is no payment.

Mr. STICK: But on the 88 105 mm howitzers there is nothing paid on that item.

*By Mr. Drew:*

Q. These steps are being taken, both by purchase from the United States government and by manufacturing in Canada, to supply a total requirement of 138 105 mm howitzers and 88 105 mm howitzers and 47 155 mm howitzers?—A. That is right.

Q. What field guns are on order?—A. Once again, let me say that within this list the 105 howitzers are the field guns.

Q. And there is no other field gun on order?—A. Well, the list is here, Mr. Drew.

The CHAIRMAN: The 155 mm howitzer is a field gun, and just a little below that item there are 3 similar items.

*By Mr. Drew:*

Q. There would be no other military weapons included in this, so there is no use in asking you about anti-tank guns. But let me ask you this question: is there any place where there is an order shown for anti-aircraft guns?—A. You will notice the last item on the list.

Q. On page 2?—A. Yes, still on page 2 you will see that the orders classified for security reasons amount to \$14,130,154.

Q. Yes.—A. As to all of which the expenditures against them are indicated as having been made in full.

Q. Yes.—A. The details are not available.

Q. Do you say that the details of that item include anti-aircraft guns?

Mr. CAMPNEY: The witness has said that they are classified for security reasons.

Mr. DREW: I would be curious to know why we are not entitled to learn what anti-aircraft guns there are.

Mr. GEORGE: Don't you think we should adjourn to study this?



Mr. MACDONNELL: Have we got or are we going to get figures as to the value of what is in hand apart from what we buy? Maybe that would cover the point.

The CHAIRMAN: The question has already been asked. He has been asked to provide that information.

Mr. MACDONNELL: That information could easily be given.

Mr. HENDERSON: Where is this Firestone Tire and Rubber Company? Is that in Canada or the United States?

The WITNESS: That is the Canadian company.

Mr. HENDERSON: The Magnovox Company is a Canadian company too?

The WITNESS: I would have to check that.

The CHAIRMAN: Subject to any instructions that the committee may give me, it is my own view that this will be the last meeting of this committee this year. The Prime Minister indicated that this committee would be called together at an early date in the ensuing session.

There were some thirteen or more questions asked by various members of the committee, all of them have been answered—some of them perhaps not fully answered but as well as could be done from the question that were asked. It is intended that they should be printed in the record, the record will be available for next year's committee. It is also hoped that the same members will be on the committee in the next session.

It may be valuable to this committee to read the record in the interval so we can commence functioning when the committee is called. The Prime Minister has indicated it will be called early. With that in mind I suggest that you now let us have questions that you should like answered. The departments will prepare the answers in the interval and have them available and ready when we return late in January or early in February.

Mr. DREW: We now have before us these lists which have just been prepared and we certainly could, with great advantage, ask further questions with regard to these when there has been an opportunity of examining them. I strongly urge that there be at least one more meeting and that meeting take place either tomorrow morning or on Saturday morning.

The discussion has several times come back to the fact that there should be time to read these over and examine them. I am quite prepared to admit with the session under way and with the present hours, there might be some suggestion that we could wait until Saturday morning; but I would certainly ask that we have a meeting on Saturday morning in any event so that further questions may be asked in regard to these details, simply for the purpose of clarification—recognizing that there may be some other questions that cannot be answered until a later date.

Mr. MACDONNELL: May I make a point? We have asked a lot of questions this morning and through no fault of anybody, they have been only partially answered and we have been left suspended in space. Mr. Mackenzie has been good enough to say that he can give us most of the remaining parts of those questions—

The CHAIRMAN: Let me say this. I am prepared, if the committee consents, to hold the record open up to the time the House closes and if anyone who has questions will send them in I will pass them on to the proper officials for answer.

Mr. DREW: Mr. Chairman, may I point this out? There are a number of unanswered questions and the statement has been made, or you have observed quite correctly, that these questions can only be answered by the Department of National Defence. Now we have had a statement placed before us this morning with information which does throw a great deal of light on the situation

but which requires amplification. Certain questions have been asked and the answers have been helpful. I will give a case as an example, the 75 millimetre rifles. That is a term describing 75 millimetre field guns or recoilless weapons. In this case, by questioning, we have received the information that these are recoilless rifles.

There are similar questions that could be asked and we have now asked certain questions of the deputy minister of Defence Production but there are others I would like to have asked. In any event, there are certain questions we passed over when we were told that the Department of National Defence could answer. We should at least have one more meeting so that the deputy minister of National Defence can answer the questions that have been asked. It seems apparent that he is the one who can give the answers and, for that reason, I move that when this committee adjourns it adjourn to meet at 10 o'clock Saturday morning or at whatever time Saturday morning the chairman may decide.

Mr. JONES: Would it be possible to get some idea of the amount spent on publicity and advertising for defence purposes?

The CHAIRMAN: Mr. Jones has asked questions, it is on the record, the officials have taken note of it, and it will be answered.

Mr. WRIGHT: I have a further question. Some of these figures are so obviously out of line that there must be some logical explanation. For instance, on page 4 we find Canadian Arsenals have a contract for 24,000 75 millimetre shells at a cost of \$11,580. The U.S. government has an order of 31,300 75 millimetre shells at an estimated cost of \$804,122.

Now, surely shells are something on which we have some idea of cost before we place the order—and the estimated costs. These figures to me at least appear ridiculous.

The WITNESS: I admit that on the face of it that looks as though it needed to be investigated. However, these figures were put together very hurriedly.

Mr. WRIGHT: What I want then, Mr. Chairman, is a comparison between the cost of the various weapons that we are producing in Canada, either at Sorel or at Canadian Arsenals Limited; and also the cost of those articles that we are purchasing in the United States or in other places.

The WITNESS: All right.

Mr. WRIGHT: I think we should have that information so we can have an intelligent discussion.

The CHAIRMAN: That will be provided.

Mr. CHURCHILL: Could we have the same comparative figures with regard to the American tank which apparently cost \$100,000 more than the British Centurion?

The CHAIRMAN: They are not similar tanks. We would have to have the same type of tanks in order to compare them.

Mr. CHURCHILL: The American Sherman tank and the Centurion are very much the same. I have been in the American tank and I have been in the Centurion and they are both what we call a medium tank.

The WITNESS: Mr. Chairman, may I say something? These figures which I supplied to you here should not be interpreted on a basis of comparing costs of relative pieces of equipment. If the committee want the relative cost of a piece of equipment then we will produce figures on the actual cost. That can be done. I was particularly careful to say in the early stages of today's sitting, and again to point out in reply to a question, that all I was trying to do here was attempting to show what types of equipment, what sort of things were on order. We were asked for the estimated value and we put in the estimated



value, but it becomes completely misleading if these values are divided by the numbers concerned and unit cost prices extracted therefrom.

Mr. CHURCHILL: Our terms of reference suggest that we should try to point out in particular what, if any, economies can be effected. It is fair to ask, is it not, Mr. Mackenzie, the difference in cost between the Centurion tank and the tank of American manufacture?

The CHAIRMAN: All the witness can do is to give you the cost and you will have to draw your own conclusions.

The WITNESS: I simply suggest that I am not denying information, I am not saying that this question should not be answered; but I say this list does not answer that question, it was not prepared for that purpose.

Mr. ADAMSON: Mr. Chairman, there is one question I would like to ask about that: does the department pay duty of any sort, customs duties of any sort?

The WITNESS: Yes, sir.

Mr. ADAMSON: I think that would be an interesting figure to have so we can know how much duty is paid on these items; if that could be given in a general way. The second question I would like to ask is: what items were of American type, what items were of British type and what items were of Canadian type, and are there any plans for the Centurion tank to be manufactured in Canada. Are all these items of American type or design?

The WITNESS: Oh, no sir; I did not say that.

Mr. ADAMSON: I know you did not say that; but the question I want to ask is: what proportion of these articles are of American type or United Kingdom type or Canadian type.

The CHAIRMAN: There is a motion to adjourn.

Mr. DREW: Just before you put that motion, might I ask one question for the purpose of convenience?

The CHAIRMAN: Yes.

Mr. DREW: I notice on page 2 of mimeographed documents, Mr. Mackenzie, there is a reference to rocket launchers. There are three items there referring to 3.5 inch rocket launchers. What exactly are those?

The WITNESS: I am told that those are bazookas, the instrument for launching anti-tank missiles.

The CHAIRMAN: That is an infantry anti-tank weapon.

Mr. DREW: Well then, that is one question that I want answered. How many of them have been delivered? Now, Mr. Chairman there is a motion before the committee, you have a motion before you that when we adjourn we adjourn to Saturday at an hour to be named by you.

The CHAIRMAN: Yes.

Mr. DREW: I simply want to say this before you put that motion. We have now been given the answer to a lot of these questions but I would like to point out that it would be impossible for Mr. Mackenzie to have the answers to some of these questions. For that reason I think we should at least have an opportunity of examining Mr. Drury who should be able to give us a simple explanation on many of these questions which Mr. Mackenzie has quite frankly said that he cannot give. In several cases he has had to turn to Mr. Drury to obtain the answer; so, for that reason, I do press my motion, and I hope it will be adopted so that at least we can get what information we can by way of explanation by meeting again on Saturday morning.



The CHAIRMAN: In fairness to this committee,—the amount of information that the committee has been supplied with is almost—somebody said stupendous—mountainous, is the term to use.

Mr. DREW: I thought you were going to say staggering, and it is staggering.

The CHAIRMAN: You are now obtaining information that no other committee ever had in its possession. The information is given freely, nothing is withheld; the information is placed on the table and the committee can use it as they see fit. They need an opportunity to digest it. They need an opportunity to study it. Every one of us is not as fully briefed on these matters, as Mr. Drew and some others, I say that in fairness—

Mr. DREW: I am not assuming any special knowledge. My digestion is sufficiently good; I will be ready on Saturday morning to ask questions which I think will be helpful.

The CHAIRMAN: As a matter of fact, we are very hopeful we won't be here on Saturday morning.

Mr. DREW: I think I would remove any hope of that kind.

Mr. JONES: Before you put the motion, Mr. Chairman, would it be possible for members of this committee to visit camps and other installations while on holidays?

The CHAIRMAN: Mr. Jones, I know nothing at all about that.

Mr. MACDOUGALL: Is that in the terms of reference?

The CHAIRMAN: We have not done enough work to really earn a trip, have we? I am merely being facetious.

Mr. DREW: There is one statement with which I am in entire agreement, that we have not done enough work.

Mr. WRIGHT: The question was asked, Mr. Chairman, so that any of the members who have these establishments in their constituencies, or who are visiting areas where they are, might have the opportunity to get some background with regard to carrying on their duties with regard to this committee when they meet again. The question was not asked in the sense that the government pay our expenses.

The CHAIRMAN: I did not suggest that. I was facetious, and I hope Mr. Jones and others so understand it. Mr. Drury tells me he will be more than happy to extend facilities to any member who happens to be in an area where there are installations. If a member is in the locality and wants to see some of the installations, Mr. Drury will extend him every facility.

Mr. DREW: Just so that we do not have any argument on procedure, may I, for the purpose of the record, state my motion: I move that when we adjourn we stand adjourned until a time on Saturday morning to be designated by the chairman, and that a recorded vote be taken on this motion.

The CHAIRMAN: You have heard the motion. All those in favour say yes, and those opposed say no.

The motion is lost. May I just say this: First, I wish to thank you for your very excellent attendance and diligence at these meetings. I wish also to thank the departments for their co-operation, both the Department of National Defence and the Department of Defence Production, and Mr. Drury and Mr. Mackenzie.

I said that if any of you have any questions that you wish the departments to answer I will see that the record is kept open until Saturday. I do not think I can keep it open any longer. In that way we will have prepared answers for some of your questions when we return here late in January or early in February.

Mr. McILRAITH: Just before we leave, Mr. Chairman, this committee ends as such with the end of the session, but it is intended, I take it, to continue it—

there is no doubt about that. That being so, do we put in any kind of report? I presume any such report would be that we recommend this committee be reconstituted at the next session.

The CHAIRMAN: I read to the committee the Prime Minister's words, He said when the committee was set up that it could be set up again at an early date in the ensuing year.

Mr. McILRAITH: I just wanted that to be clear.

Mr. DREW: In view of the fact that we all recognize that this is simply a preliminary basis for further examinations, there is no necessity to present a report. The figures speak for themselves as to what we have had before us. May I join in what has been said about the department which has prepared the material. But I do wish to leave no doubt with you that I feel that the officials of the department have co-operated with the committee in preparing this information.

Mr. McILRAITH: My sole purpose in raising the point was to have it on the record that the members are aware of the fact that no report is expected.

The CHAIRMAN: Thank you very much, gentlemen.

APPENDIX L

DEPARTMENT OF NATIONAL DEFENCE

(Requested by Mr. Wright)

Subject: Barracks and Messes Contracted for by Armed Forces since April 1, 1950, by Location, Showing numbers and type and Total and Per Capita Cost.  
(The figures shown represent building costs only; no services or utilities included)

NAVY—RATINGS BARRACKS (CLASS I)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Dartmouth.....	1 Ratings	11- 4-51	2, 683, 437	760		Barrack, Messing and Recreation facilities under one roof.
Halifax.....	1 Ratings	20- 9-49	1, 845, 617	800		Barrack, Messing nad Recreation facilities under one roof.
TOTAL.....	2 Ratings		4, 529, 054	780	2, 919 av.	

ARMY—OTHER RANKS BARRACKS (250-MAN)

Barrie field, Ont.....	2 C I I	28-12-50	1, 074, 872	250		
Barrie field, Ont.....	1 C I I	7- 7-51	610, 775	250		
Calgary, Alberta.....	1 C I I	21- 7-50	499, 200	250		
Camp Borden, Ontario.....	1 C I I	21-11-50	583, 210	250		
Camp Borden, Ontario.....	1 C I I	29-12-50	609, 316	250		
Camp Borden, Ontario.....	1 C I I	4-10-51	663, 339	250		
Camp Borden, Ontario.....	1 C I I	7-11-51	683, 339	250		
Chilliwack, British Columbia.....	1 C I I	28- 9-50	482, 493	250		
London, Ontario.....	1 C I I	1-11-51	630, 097	250		
Petawawa, Ontario.....	1 C I I	12- 1-51	555, 079	250		
Pictou, Ontario.....	1 C I I	9-10-51	641, 145	250		
St. Jean, Quebec.....	1 C I I	22-10-51	555, 124	250		
Shilo, Manitoba.....	2 C I I	21-12-50	1, 646, 630	250		
TOTAL.....	15 C I I		9, 214, 619	250	2, 457 av.	



## ARMY—OTHER RANKS BARRACKS (212 MAN)

Calgary, Alberta.....	1 Cl I	9-7-51	566,078	212	
Calgary, Alberta.....	1 Cl I	6-2-51	544,705	212	
TOTAL.....	2 Cl I		1,110,783		2,619

## ARMY—OTHER RANKS BARRACKS (180 MAN)

Chilliwack, British Columbia.....	1 Cl I	12-1-51	434,335	180	
Petawawa, Ontario.....	1 Cl I	23-8-50	377,713	180	
Petawawa, Ontario.....	1 Cl I	12-1-51	504,893	180	
Pictou, Ontario.....	1 Cl I	9-10-51	377,255	180	
Shilo, Manitoba.....	2 Cl I	5-9-51	1,154,252	180	
Victoria, British Columbia.....	1 Cl I	17-10-51	454,488	180	
TOTAL.....	7 Cl I		3,203,936	180	2,543 av.

## ARMY—OTHER RANKS BARRACKS (SPECIALS)

Quebec, Quebec.....	1 Cl I	6-12-50	233,049	100	
Whitehorse, Yukon Territory.....	1 Cl I	24-11-50	619,792	166	
Wainwright, Alberta.....	1 semi-permanent	5-9-51	165,890	228	
TOTAL.....	3		1,018,731	185 av.	2,062 av.

## ARMY—OFFICERS QUARTERS

Wainwright, Alberta.....	2 semi-permanent	19-4-51	169,098	50	1,691
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## AIR—OTHER RANKS BARRACKS (180 MAN)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Camp Borden.....	2 Cl I	9- 6-51	984,468	180		
St. Hubert.....	1 Cl I	11- 5-51	370,500	180		
St. Hubert.....	1 Cl I	14-11-51	458,882	180		
Winnipeg.....	2 Cl I	25- 5-51	709,142	180		
TOTAL.....	6 Cl I		2,522,992	180	2,336 av.	

## AIR—OTHER RANKS BARRACKS (180 MAN)

Bagotville.....	1 Cl II	14- 5-51	355,700	180		
Clinton.....	1 Cl II	19- 1-51	387,771	180		
Clinton.....	2 Cl II	30- 4-51	774,100	180		
Moose Jaw.....	4 Cl II	10- 5-51	1,466,032	180		
North Bay.....	2 Cl II	26- 4-51	837,288	180		
Penhold.....	2 Cl II	1- 5-51	782,046	180		
TOTAL.....	12 Cl II		4,602,937	180	2,131 av.	

## AIR—OTHER RANKS BARRACKS (252 MAN)

Camp Borden.....	4 Cl I	9- 6-51	2,614,656	252		
Winnipeg.....	2 Cl I	25- 5-51	956,183	252		
TOTAL.....	6 Cl I		3,570,839	252	2,369 av.	

## AIR—OTHER RANKS BARRACKS (252 MAN)

Bagotville.....	1 Cl II	15- 3-51	461,090	252	
Centralia.....	1 Cl II	7- 3-51	506,988	252	
Penhold.....	1 Cl II	24- 1-51	529,622	252	
Saskatoon.....	1 Cl II	26- 4-51	488,360	252	
TOTAL.....	4 Cl II		1,986,060	252	1,970 av.

## AIR—NCO QUARTERS (30 MAN)

Bagotville, P.Q.....	2 Cl II	4- 5-51	236,200	30	
North Bay, Ont.....	2 Cl II	26- 4-51	354,686	30	
Portage la Prairie, Man.....	1 Cl II	18- 4-51	134,609	30	
TOTAL.....	5 Cl II		725,495	30	4,836 av.

## AIR—NCO QUARTERS (60 MAN)

Camp Borden, Ont.....	2 Cl I	14- 5-51	581,070	60	
St. Hubert, P.Q.....	1 Cl I	11- 5-51	225,225	60	
TOTAL.....	3 Cl I		806,295	60	4,479 av.

## AIR—NCO QUARTERS (60 MAN)

Chatham, N.B.....	1 Cl II	10- 5-51	201,300	60	
Clinton, Ont.....	1 Cl II	30- 4-51	198,326	60	
Moose Jaw, Sask.....	1 Cl II	10- 5-51	186,364	60	
Penhold, Alta.....	1 Cl II	1- 5-51	202,804	60	
TOTAL.....	4 Cl II		788,794	60	3,286 av.



## AIR—OFFICERS QUARTERS (30 MAN)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
St. Hubert.....	1 Cl I	11- 5-51	155,325	30		
Winnipeg.....	1 Cl I	25- 5-51	159,649	30		
TOTAL.....	2 Cl I		314,974	30	5,266 av.	

## AIR—OFFICERS QUARTERS (30 MAN)

Bagotville.....	1 Cl II	14- 5-51	118,100	30		
Centralia.....	1 Cl II	19- 4-51	141,655	30		
Moose Jaw.....	1 Cl II	10- 5-51	126,802	30		
North Bay.....	1 Cl II	26- 4-51	177,343	30		
TOTAL.....	4 Cl II		563,900	30	4,689 av.	

## AIR—OFFICERS QUARTERS (60 MAN)

St. Hubert.....	2 Cl I	11- 5-51	450,450	60		
Trenton.....	1 Cl I	1-11-51	325,657	60		
Winnipeg.....	1 Cl I	25- 5-51	234,454	60		
TOTAL.....	4 Cl I		1,010,561	60	4,210 av.	

## AIR—OFFICERS QUARTERS (60 MAN)

Bagotville.....	1 Cl II	14- 5-51	168,900	60		
Centralia.....	1 Cl II	19- 4-51	203,082	60		
Chatham.....	2 Cl II	10- 5-51	402,000	60		
Clinton.....	3 Cl II	30- 4-51	594,978	60		
Comox.....	2 Cl II	5- 9-51	408,092	60		
Moose Jaw.....	2 Cl II	10- 5-51	371,596	60		
North Bay.....	1 Cl II	26- 4-51	272,396	60		
Penhold.....	2 Cl II	1- 5-51	405,608	60		
Saskatoon.....	1 Cl II	26- 4-51	190,582	60		
TOTAL.....	15 Cl II		3,017,234	60	3,353 av.	



APPENDIX M

DEPARTMENT OF NATIONAL DEFENCE

Document CDE/DND.....  
December 13, 1951.

Subject: Department of National Defence—Land and Buildings purchased from April 1, 1950 to October 31, 1951 and Leases of Land and Buildings in force at Dec. 1, 1951.

PART 1.—LAND AND BUILDINGS PURCHASED FROM APRIL 1, 1950 TO OCTOBER 31, 1951

Location	Service	Purchase Price		From Whom Purchased	Date of Purchase	Purpose
		\$	cts.			
NEWFOUNDLAND— St. John's..... Corner Brook.....	Navy..... Army.....	130,000	00	Prop. of McLea Est.....	Oct 7/50	Joint Service Headquarters for Province. Dismantling, transporting and re-erection of a hangar.
		1	00	Bowaters' Paper Mills.....	May 16/50	
PRINCE EDWARD ISLAND— Summerside.....	Air.....	1,500	00	K. Mills.....	Feb 21/51	Radio Site Radio Site
		2,200	00	E. Mills.....	Feb 21/51	
NOVA SCOTIA— Greenwood.....	Air.....	500	00	J. Dolliver.....	Sep 1/51	Radio Site. Radio Site Radio Site
		100	00	D. Dolliver.....	Sep 1/51	
		937	50	J. Thomas.....	June 21/50	
HAMMOND PLAINS.....	Army.....	1,320	00	M. Eisenhauer.....	June 23/50	Radio Site Radio Site Radio Site
		224	00	F. Thomas.....	Jan 8/51	
		2,277	50	B. & A. Thomson.....	Jan 23/51	
Loeh Broom.....	Army.....	105	00	L. & W. Haverstock.....	Aug 8/50	Radio Site Radio Site Rifle Range
		144	00	G. Corkum & wife.....	Sep 12/50	
		1,000	00	M. Patterson.....	Seo 11/50	



NEW BRUNSWICK—  
Chatham

Air.....	175 00	J. Foley.....	Dec 16/50	Railroad Siding
	126 00	D. Elkin.....	Dec 16/50	Railroad Siding
	57 00	T. Phalen.....	Dec 16/50	Railroad Siding
	100 00	J. Vanstone.....	Dec 16/50	Railroad Siding
	50 00	W. Delaney.....	Dec 16/50	Railroad Siding
	104 00	H. White.....	Dec 16/50	Railroad Siding
Air.....	59 00	S. Jardine.....	Dec 16/50	Railroad Siding
	1,200 00	C. Breau.....	Dec 16/50	Railroad Siding
	546 00	Dr. C. Sproul.....	Oct 23/50	Runway Extension
	324 00	St. Thomas College.....	Oct 23/50	Runway Extension
	100 00	N. Maher.....	Oct 23/50	Runway Extension
	1,035 00	J. Gordon.....	Oct 23/50	Runway Extension
	78 00	M. Keating.....	Oct 23/50	Runway Extension
	102 00	J. Jardine.....	Oct 23/50	Runway Extension
	488 00	R. Pyne.....	Oct 23/50	Runway Extension
	20 00	Mrs. J. Connors.....	Oct 23/50	Runway Extension
	720 00	W. Lane.....	Oct 23/50	Runway Extension
	832 00	J. S. Wrigley.....	Oct 23/50	Runway Extension
	967 00	S. Hay.....	Oct 23/50	Runway Extension
	964 00	J. Hay.....	Oct 23/50	Runway Extension
	325 00	Mrs. J. Simpson.....	Oct 23/50	Runway Extension
	1,000 00	Sisters of Hotel Dieu.....	Oct 23/50	Runway Extension
	150 00	E. Kelly.....	Oct 23/50	Runway Extension
	548 00	J. Thompson.....	Oct 23/50	Runway Extension
	13,500 00	J. Flynn.....	Oct 23/50	Runway Extension
	270 00	Municipality of Northumberland.....	Oct 23/50	Runway Extension
	11,000 00	J. Keating.....	Oct 23/50	Runway Extension
	1,000 00	W. Traer.....	Oct 23/50	Runway Extension
	8,000 00	D. McLean.....	Jan 5/51	Permanent Married Quarters
	2,122 00	St. Thomas College.....	Jan 5/51	Permanent Married Quarters
	5,000 00	J. J. Hackett.....	Dec 16/50	Permanent Married Quarters
	100 00	J. H. MacDonald.....	April 6/51	Radio Site
Not settled		Expropriated.....	May 7/51	Homing Beacon
4,000 00		J. G. Ayles.....	May 14/51	Radio Site
775 00		D. & A. Steves.....	Nov 1/50	Radio Site
237 50		E. Matthews.....	June 6/50	Additional Land for Rifle Range
1 35		John W. Steeves.....	May 30/50	Additional Land for Rifle Range
237 50		Z. Steeves.....	June 6/50	Additional Land for Rifle Range
225,00 00		Atlantic Wholesalers Ltd.....	Jan 30/51	Building to be converted to Armoury
Not settled		J. Bouchard.....	Feb 12/51	Sewage Disposal
500 00		A. Delorme.....	Apr 16/51	Exchange of Land
1,500 00		M. Clement.....	May 15/50	Radio Site
3,000 00		J. E. Seale.....	May 15/50	Radio Site
5,800 00		C. Raymond.....	May 15/50	Radio Site
1,100 00		O. Tontini.....	Feb 23/51	Radio Site
1,500 00		G. Cox.....	Feb 23/51	Radio Site
Quebec—				
Bagotville.....		Air.....		
Parnham.....		Army.....		
Lac St. Joseph.....		Air.....		
Fredericton.....				
Gunningsville.....		Army.....		
Moncton.....		Navy.....		
St. John.....				
Army.....				

## SPECIAL COMMITTEE

Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
<b>QUEBEC—</b>					
LaSalle.....	Navy.....	200,000 00	LaSalle Land Co. in Liquidation.....	Dec 13/50	Stores Development
Mont Joli.....	Air.....	14,800 00	P. Roussel.....	Sep 29/50	Flight Clearance
Montreal.....	Army.....	3,700 00	J. Cadieux.....	June 30/50	Parade Ground
New Richmond.....	Army.....	75,000 00	St. Alban's Parish.....	June 28/51	Armoury
Quebec.....	Navy.....	3,000 00	School Commrs.....	Aug 23/50	Erection of Quonset hut
Quebec.....	Army.....	15,000 00	A. Perrault.....	Aug 8/51	Office Accommodation
St. Hubert.....	Air.....	175,000 00	Bell Telephone Co.....	May 2/51	Married Quarters
		Not settled	Various owners.....	Sep 21/51	Runway Extension
		Not settled	P. Brosseau.....	June 16/50	Runway Extension
		27,300 00	F. Charron.....	July 11/50	Runway Extension
		23,200 00	M. Bouthillier.....	July 11/50	Runway Extension
		38,878 00	R. Charon.....	Aug 13/51	Runway Extension
		9,000 00	C. Marcel.....	Nov 18/50	Station Development
		18,500 00	O. Dubuc.....	Nov 9/50	Tank Training Area
St. Hubert.....	Air.....	Not settled	Owner Unknown.....	Aug 13/51	Office accommodation
Sherbrooke.....	Army.....	4,800 00	Henry McBain.....		
Sherbrooke.....	Air.....	75,000 00	T. Bryant, Ltd.....		
<b>ONTARIO—</b>					
Almonte.....	Army.....	9,000 00	Estate of Robert Patterson.....	Sep 7/50	Armoury
Cedar Springs.....	Army.....	3,400 00	J. McLachlan.....	May 15/50	Construct Rifle Range
		1,400 00	C. S. Eberts.....	May 26/50	Construct Rifle Range
		6,000 00	S. A. Curtis.....	May 27/50	Construct Rifle Range
		14,000 00	A. & J. Hebblethwaite.....	May 27/50	Construct Rifle Range
		12,500 00	M. F. Nichols.....	May 12/50	Construct Rifle Range
Centralia.....	Air.....	50 00	V. G. McGugan.....	May 13/50	Construct Rifle Range
		325 00	J. Reeder.....	Nov 24/50	Drainage Ditch
		5,650 00	J. & H. Hunter.....	May 22/51	Radio Site
Centralia.....	Air.....	1,240 00	H. & M. Hirtzel.....	Dec 12/50	Radio Site
Clinton.....	Air.....	2,875 00	J. Clegg.....	Apr 25/51	Additional Building
		500 00	E. O'Brien.....	Apr 25/51	Additional Building
Cobourg.....	Army.....	1 00	Town of Cobourg.....	June 5/51	Ordnance Depot
Downsview.....	Air.....	Not settled	S. Boake.....	July 24/50	Airdrome Expansion
		Not settled	G. Jackson.....	July 24/50	Airdrome Expansion
		325,000 00	Dufferin Const. Co.....	Deed not rec'd	Flightway Clearance
		75,000 00	J. Franceschini.....	Deed not rec'd	Flightway Clearance

Downsview.....	Air.....	Not settled	F. & C. Hubert.....	July 24/50	Airdrome Expansion
		Not settled	Various, lots in Township of York.....	Oct 19/50	Flightway Clearance
		Not settled	City of Toronto.....	Sep 29/50	Airdrome Expansion
		12,775 71	L. Lloyd.....	Jan 8/51	Airdrome Expansion
		Not settled	Lots in Township of York, private individuals	Mar 24/51	Airdrome Expansion
Edgar.....	Air.....	13,500 00	Laura Price.....	Aug 1/51	Airdrome Expansion
		900 00	J. Bertram.....	Sep 30/50	Radio Site
		1,350 00	R. Healey.....	Sep 30/50	Radio Site
		350 00	P. J. Shamahan.....	Sep 30/50	Radio Site
		850 00	H. Mackay.....	Oct 23/50	Radio Site
		575 00	City of Simcoe.....	Sep 30/50	Radio Site
Falconbridge.....	Air.....	3,000 00	L. Labrie.....	May 11/51	Radio Site
		Not settled	E. Demore.....	May 11/51	Radio Site
		700 00	R. Dubeau.....	May 11/51	Radio Site
		400 00	Province of Ont.....	May 11/51	Radio Site
Fort Francis.....	Army.....	3,500 00	Keyes-Green Investors.....	May 15/50	Gunshed and Garage
Foymount.....	Air.....	3,500 00	W. O'Connor.....	Nov 8/50	Radio Site
		100 00	W. Gallagher.....	Nov 8/50	Radio Site
		210 00	A. Holly.....	Nov 8/50	Radio Site
		400 00	J. O'Connor.....	Nov 8/50	Radio Site
		3,050 00	G. & H. Granzie.....	Jan 4/51	Radio Site
				June 22/51	
Gananoque.....	Army.....	1,500 00	Expropriated.....	Oct 2/50	Tracked Driving Area
Goderich.....	Army.....	1 00	Town of Goderich.....	Jan 15/51	Armoury
Kitchener.....	Army.....	5,062 42	City of Kitchener.....	Jan 13/50	Armoury
Leitrim.....	Army.....	137 50	M. A. McAllister.....	June 24/50	Additional land for Masts.
London.....	Army.....	30,000 00	The Medway Properties Limited.....	Oct 3/50	Married Quarters
Long Branch.....	Army.....	68,320 00	Belle Ayre Dev't Co.....	Dec 28/50	Ordnance Depot
North Bay.....	Army.....	12,000 00	W. Carmichael.....	Nov 21/50	Married Quarters
	Air.....	1,600 00	C. H. Dennison.....	Aug 27/51	Transmitter Site
		5,000 00	J. Novakuski.....	Sep 19/51	Runway Extension
		10,500 00	J. St. Pierre.....	June 23/51	Range
		3,250 00	A. St. Pierre.....	June 23/51	Range
		3,000 00	B. C. Hough.....	June 23/51	Range
		4,500 00	A. St. Pierre.....	June 23/51	Range
		1,500 00	L. & M. Hay.....	June 23/51	Range
		7,000 00	A. Blaine.....	June 23/51	Range
		900 00	C. & B. Acres.....	June 23/51	Range
		1,400 00	L. Acres.....	June 23/51	Range
		1,520 00	L. & E. Carlyle.....	June 23/51	Range
		1,000 00	G. & H. Carlyle.....	June 23/51	Range
		1,800 00	J. Cameron.....	June 23/51	Range
		5,000 00	E. & H. Dockstead.....	June 23/51	Range
		1,132 00	E. & H. Dockstead.....	June 23/51	Range
		2,875 00	A. Kerr.....	June 23/51	Range
		1,500 00	S. W. Kerr.....	June 23/51	Range
		125 00	J. J. Kerr.....	June 23/51	Range
		700 00	R. & R. Porteous.....	June 23/51	Range
		2,100 00	A. St. Pierre & H. Rozen.....	June 23/51	Range
		4,500 00	O. J. St. Pierre.....	June 23/51	Range



Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
<b>ONTARIO—Continued</b>					
Ottawa.....	Army.....	Not settled	Ottawa School Board.....	Apr 17/51	Reserve Force Accommodation
Ottawa.....	Air.....	43,000 00	Expropriation.....	Apr 17/51	Reserve Force Accommodation
		16,500 00	Bronson Co.....	Aug 16/51	Building Area
		40,000 00	J. Omanique.....	Feb 2/51	Purchase of Building
Pictou.....	Army.....	16,500 00	W. Thompson.....	Oct 7/51	Building Area
Point Petre.....	Army.....	36,980 00	Expropriation.....	Apr 17/50	Married Quarters
		1,238 00	G. & C. McCaw.....	Aug 2/51	Anti-Aircraft Range
		1,000 00	W. C. Haggerty.....	Aug 29/51	Anti-Aircraft Range
		2,000 00	Nelson Moore.....	Aug 2/51	Anti-Aircraft Range
		1,000 00	J. G. Walker.....	Aug 10/51	Anti-Aircraft Range
		2,055 00	G. Wood.....	Aug 2/51	Anti-Aircraft Range
		2,975 00	W. M. Wainsley.....	Aug 2/51	Anti-Aircraft Range
		4,871 00	P. Collier.....	Aug 10/51	Anti-Aircraft Range
		5,250 00	F. Frost.....	Aug 2/51	Anti-Aircraft Range
		1,245 00	H. Wood.....	Aug 2/51	Anti-Aircraft Range
		4,000 00	G. Rose.....	Aug 2/51	Anti-Aircraft Range
		4,395 00	A. D. Collier.....	Aug 10/51	Anti-Aircraft Range
		1,695 00	C. Bartman.....	Aug 10/51	Anti-Aircraft Range
		975 00	A. McCrimmon.....	Aug 2/51	Anti-Aircraft Range
		1,125 00	W. F. Demore.....	Aug 29/51	Anti-Aircraft Range
		2,500 00	W. O. Striker.....	Aug 29/51	Anti-Aircraft Range
Ramsayville.....	Navy.....	Not settled	F. Tomlinson.....	Aug 2/51	Anti-Aircraft Range
Rockcliffe.....	Air.....	1 00	Owners Unknown.....	July 24/50	Naval Experimental Station
St. Mary's.....	Army.....	30,000 00	Town of St. Mary's.....	Dec 9/50	Flightway Clearance
Toronto.....	Army.....	1,500 00	R. Roy.....	June 28/50	Armoury
		Not settled	Victaulic Co.....	Nov 13/50	Parking Lot
		2,295 00	Various owners.....	Dec 6/50	Parking Lot
Woodbridge.....	Army.....	1,359,288 00	F. M. Reid.....	Oct 11/50	Radio Site
Trenton.....	Air.....		Various owners.....	Sept 7/50	Airdrome Expansion
Uplands.....	Air.....				
<b>MANITOBA—</b>					
MacDonald.....	Air.....	Not settled	Owners Unknown.....	Oct 18/51	Airdrome Expansion
Rivers.....	Air.....	Not settled	V. Smythe.....	Aug 29/50	Water supply line
Stevenson Field.....	Air.....	2,600 00	H. Smith.....	Apr 30/51	Building Area
		4,541 00	P. Tarapasky.....	Apr 30/51	Building Area
		4,565 00	A. Trotter.....	Apr 30/51	Building Area
		2,200 00	T. Clarke.....	Apr 30/51	Building Area
		4,790 00	W. Dutka.....	Apr 30/51	Building Area
		4,400 00	F. Courtney.....	Apr 30/51	Building Area
		5,500 00	R. & R. King.....	Apr 30/51	Building Area
		3,800 00	Municipality of St. James.....	Apr 30/51	Building Area
		23,760 00			

MANITOBA—	Army.....	6,000 00	Estate of H. Hoover.....	May 11/50	Temporary Transport Garage
	Winnipeg.....	7,016 77	City of Winnipeg.....	Oct 12/50	Parade Ground and Sports Field
	Army.....	75,456 11	City of Winnipeg.....	July 19/50	Station Development
	Air.....	720 00	W. Rodgers.....	Apr 10/50	Radio Site
		6,300 00	J. V. Weir.....	Apr 10/50	Radio Site
		65 00	Estate of D. Oxley.....	Apr 10/50	Radio Site
		65 00	C. M. Brown.....	Apr 10/50	Radio Site
		2,677 00	A. Cameron.....	Apr 10/50	Radio Site
		750 00	Municipality of Assiniboia.....	Apr 10/50	Radio Site
			C. Dougherty.....	Oct. 31/50	Reserve Force Accommodation
SASKATCHEWAN—	Army.....	3,800 00		Oct 17/51	Married Quarters
	Air.....	Not settled			
			F. S. Sanderson.....	Nov 13/50	Married Quarters
		9,000 00	Navy League of Canada.....	Aug 13/51	Boathouse and Jetty for Naval Reserve
		7,000 00	City of Edmonton.....	July 3/50	Expansion of Naval Division
		38,500 00	A. Bloomey.....	Sep 1/51	Additional land for new depot area
		250 00	J. Grant.....	Sep 7/52	Radio Site
		4,342 00	F. Rustemier.....	Sep 7/50	Radio Site
		200 00	E. Yeake.....	Sep 7/50	Radio Site
		24,000 00	J. Wall.....	Apr 29/50	Radio Site
ALBERTA—		100 00	A. D. Carruthers.....	Sep 7/50	Radio Site
		200 00	Edmonton Fur Sales.....	Nov 24/50	Radio Site
		1,500 00	Provincial Marketing Board.....	June 22/51	Armoury
		Not settled	Owner unknown.....	Aug 16/51	Aerodrome Expansion
		10,000 00	Mr. Kobasjuk.....	Feb 21/51	Flight Clearance
		1 00	Department of Citizenship & Immigr- tion for Paul's Band of Indians	Sep 26/51	Armoury
		400 00		Jan 12/51	Summer Camp Site
			F. W. Ingham.....	Jan 9/51	Right of Way
		2,400 00	Expropriation.....	Aug 9/51	Warehouse Site
		192,000 00	Jessie Murial St.....	May 20/51	Permanent Married Quarters
BRITISH COLUMBIA—		30,000 00	Clair Keith.....		
		100 00	City of Kamloops.....	Dec 10/50	Naval Magazine Site
		25 00	Eva E. Power.....	Dec 10/50	Naval Magazine Site
		2,201 00	Province of British Columbia.....	May 15/50	Naval Magazine Site
		600 00	Eva E. Power.....	Jan 12/51	Naval Magazine Site
		1,000 00	City of Kamloops.....	Jan 18/51	Naval Magazine Site
		400 00	D. Bowers & G. Bowers.....	May 1/51	Naval Magazine Site
CHILLIWACK—	Army.....	2,400 00			
	Army.....	192,000 00			
	Navy.....	30,000 00			
COQUITLAM—					
ESQUIMALT—					
KAMLOOPS—					
VIRIDEN—					
WINNIPEG—					

Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
BRITISH COLUMBIA— Masset..... Mission..... Nanoose Bay-Vancouver Island..... Rocky Point, Metchosin District..... Vancouver Island.....	Navy.....	\$ 3,000 00	Buckley Securities Ltd.....	Jan 2/51	Radio Site
	Army.....	900 00	J. Turner & E. MacFadden.....	July 6/51	Parking Space
	Navy.....	75,000 00	A. Johnstone.....	Aug 15/51	Training Site
	Navy.....	35,000 00	W. Keller.....	Aug 30/51	Naval Magazine
	Navy.....	8,000 00	C. & K. Wood.....	Aug 30/51	Naval Magazine
		10,500 00	N. Cann.....	Aug 30/51	Naval Magazine
		27,550 00	A. C. Burdick.....	Aug 30/51	Naval Magazine
		65,000 00	David Hunter Miller.....	Aug 30/51	Naval Magazine
		7,000 00	V. Lunt.....	Aug 30/51	Naval Magazine
		5,500 00	A. Brownlee.....	Aug 30/51	Naval Magazine
		3,000 00	Dorothy Parker.....	Aug 30/51	Naval Magazine
		35,000 00	A. & D. Parker.....	Aug 30/51	Naval Magazine
		12,100 00	Miss K. Johnson.....	Aug 30/51	Naval Magazine
		4,750 00	J. MacKenzie.....	Aug 30/51	Naval Magazine
		1,665 00	J. B. Edwards.....	Aug 30/51	Naval Magazine
		1,665 00	C. Foster.....	Aug 30/51	Naval Magazine
		11,000 00	Dr. Brock Chisholm.....	Aug 30/51	Naval Magazine
		11,000 00	G. McClosky.....	Aug 30/51	Naval Magazine
		5,500 00	G. Davey.....	Aug 30/51	Naval Magazine
		11,000 00	Veteran's Land Act.....	Aug 30/51	Naval Magazine
Trail..... Victoria.....	Army.....	5,700 00	P. Davidson.....	Aug 30/51	Naval Magazine
		28,500 00	W. & W. Haolland.....	Aug 30/51	Naval Magazine
		4,750 00	Russell Hemsworth.....	Aug 30/51	Naval Magazine
		150 00	C. & C. Ball.....	Aug 30/51	Naval Magazine
		24,700 00	Rettick.....	Oct 31/51	Naval Magazine
		8,000 00	Rotary Club of Trail.....	July 28/50	Armoury
		105,000 00	F. Begg.....	June 27/51	Reserve HQ
YUKON TERRITORIES— Aklavik..... Dawson.....	Navy.....	4,000 00	Hudson's Bay Co.....	Nov 16/51	House on skids
	Army.....	6,000 00	Kenneth Anderis.....	Apr 4/51	Lots with house and shed
		100 00	Edwin Low.....	May 11/51	Married Quarters
		4,000 00	A. C. Duncan.....	Apr 6/51	Married Quarters
		4,400 00	E. Fournier and Veteran's Land Act.....	May 14/51	Married Quarters
		4,500 00	H. Wunen.....	Apr 6/51	Married Quarters
		3,200 00	M. McCuaig.....	Apr 6/51	Married Quarters
Alaska Highway, Mile 1167.....		8,500 00	K. O'Harra.....	Apr 5/51	Maintenance Camp
OUTSIDE CANADA— ENGLAND— London.....		£24,000 00	Southcourt Ltd.....	Jan 12/51	Office Accommodation



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
NEWFOUNDLAND— Grand Falls.....	Army	1 00	7 Feb	50	99 years	Armoury Site
PRINCE EDWARD ISLAND—						
Charlottetown....	Army	180 00	1 Apr	48	Yearly	COTC Accn
Montague.....	Army	750 00	1 Mar	51	1 year	Armoury Accn for RF
Souris.....	Army	360 00	1 May	48	5 years	Armoury for RF
NOVA SCOTIA—						
Amherst.....	Army	20 00	1 Apr	40	15 years	Rifle Range Site
Bridgetown.....	Army	2,400 00	1 Apr	51	1 year	Armoury Accn for RF
Chebucto Bty.....	Army	5 00	1 Oct	42	Yearly	Bty Site
	Army	10 00	1 Oct	42	Yearly	Bty Site and R/W
Church Point.....	Army	250 00	1 Apr	48	Yearly	COTC Accn
Dartmouth.....	Army	600 00	1 Apr	49	Yearly	Armoury Accn for RF
Debert.....	Army	154 76	15 May	41	Yearly	Railway Siding
		94 77	1 Dec	49	Yearly	Railway Siding
		16 00	15 Aug	40	Yearly	Site for Ordnance Bldg.
Deep Brook.....	Navy	1 00	1 Oct	43	21 years	Site for Naval Railway Station
Flandrum.....	Army	1 00	12 Mar	42	Yearly	FOP Site
Glace Bay.....	Army	10 00	1 Mar	48	Yearly	Site for RF Bldg.
	Army	1,656 00	15 Sep	51	1 year	Armoury RF
	Army	720 00	1 Jul	51	1 year	Garage RF
Halifax.....	Army	500 00	1 Apr	49	Yearly	COTC Accn
		174 78	1 Jan	49	Yearly	Rly Siding—Willow Park
		74 83	1 Jan	44	Yearly	Rly Siding—Willow Park
		76 42	1 Dec	42	Yearly	Rly Siding—Willow Park
		41 90	2 Jul	42	Yearly	Siding for RCE Stores
Halifax.....	Army	752 50	1 Apr	48	Yearly	COTC Accn
		10 00	1 Apr	48	Yearly	COTC Accn
	Navy	360 00	28 Dec	44	Month to month	Site for Parking Naval Vehicles
Lunenburg.....	Army	50 00	1 Jul	51	1 year	Rifle Range Site
	Army	100 00	1 Jul	51	1 year	Rifle Range Site
Mahone Bay.....	Army	600 00	26 May	51	1 year	HQ No. 1 Manning Depot
New Glasgow.....	Army	2,400 00	8 Jun	42	Monthly	Armoury Accn for RF
		150 00	1 Oct	40	Monthly	Drill Hall Site
		72 00	1 Feb	42	Monthly	Drill Hall Site
		1,980 00	1 Aug	51	1 year	Recruiting Station
New Waterford....	Army	840 00	1 Jul	51	1 year	Armoury Accn for RF
Pictou.....	Army	120 00	1 May	50	Yearly	Garage Accn for RF
River Herbert.....	Army	300 00	19 Feb	51	1 year	Armoury Accn for RF
Scotchtown.....	Army	36 00	1 Apr	43	Yearly	RDF Site
Springhill.....	Army	5 00	1 Nov	43	10 years	Rifle Range Site
Stellarton.....	Army	1,800 00	1 Sep	51	1 year	Armoury Accn for RF
Stewiacke.....	Army	360 00	1 Jan	51	1 year	Armoury Accn for RF
	Army	240 00	15 May	51	1 year	Garage (RF)
Sydney Mines.....	Army	1,200 00	1 Oct	50	1 year	Armoury Accn for RF
West Paradise.....	Army	700 00	1 Apr	49	25 years	Land and R/W
Wolfville.....	Army	1,200 00	15 May	42	Monthly	Armoury Accn for RF
		1,200 00	1 Mar	51	1 year	Garage Accn for RF
		500 00	1 Apr	48	Yearly	COTC Accn
Yarmouth.....	Army	1,800 00	14 Aug	51	1 year	Recruiting Station
NEW BRUNSWICK—						
Bathurst.....	Army	600 00	1 Aug	40	Monthly	Armoury Accn Reserve Force
		300 00	1 Aug	47	Monthly	Same as above
		144 00	1 Apr	48	Yearly	COTC Accn
		240 00	1 Jun	51	1 year	Garage Accn Reserve Force
Berry Mills.....	RCAF	1 00	1 Jan	46	Yearly	Station Site
Campbellton.....	Army	2,400 00	1 Jun	51	1 Year	Armoury Accn RF
		1 00	1 Apr	50	Yearly	Armoury Accn RF
		1,050 00	1 Jan	51	1 year	Armoury Accn RF
		2,400 00	1 Sep	50	Yearly	Armoury Accn RF
Chatham.....	Army	180 00	1 Apr	48	Yearly	COTC Accn
	RCAF	94 50	1 Apr	49	(as long as required)	W/T Site
		10 00	18 Jun	49	"	W/T Site
		15 00	20 Jul	49	"	W/T Site
		25 00	12 Feb	48	"	D/F Station

## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
NEW BRUNSWICK—						
Clifton.....	Army	360 00	1 May	47	Monthly	Armoury Accn for RF
		240 00	1 Apr	51	1 year	Garage Accn Reserve Force
Dalhousie.....	Army	600 00	1 Sep	46	Monthly	Armoury Accn for RF
		420 00	15 Jun	49	1 year Monthly thereafter	Garage Accn for RF
Edmundston.....	Army	1 00	1 Jun	46	5 years	Armoury Accn for RF
Fredericton.....	Army	900 00	10 Feb	51	1 year	Garage Accn for RF
	Army	720 00	1 Jan	51	1 year	Supply Depot and Petrol Point
	Army	2,000 00	1 Sep	50	Yearly	COTC & UNTD Accn
	Army	2,400 00	15 Sep	50	Monthly	RCASC Garage
Grand Falls.....	Army	1,800 00	1 Sep	51	1 year	Armoury Accn for RF
Hampton.....	Army	480 00	1 Dec	46	Yearly	Armoury Accn for RF
		120 00	1 Apr	47	Monthly	Garage Accn for RF
Havelock.....	Army	144 00	15 Jun	44	Monthly	Armoury Accn for RF
McGivney.....	Army	752 20	1 Oct	42	Monthly	Railway Siding Amn Depot
Moncton.....	Army	2,847 00	1 Apr	47	Yearly	Garrison Brks Site
Newcastle.....	Army	1,800 00	1 Aug	51	1 year	Armoury Accn for RF
		1,200 00	1 Nov	46	Monthly	Same as above
Petitcodiac.....	Army	540 00	1 Jan	50	Yearly	Armoury Accn for RF
		120 00	15 Feb	48	Monthly	Garage Accn for RF
Plaster Rock.....	Army	420 00	15 Nov	46	Monthly	Armoury Accn for RF
Pointe du Chene...	RCAF	250 00	4 Nov	50	Yearly	Fuel Depot
Saint John.....	Army	5 00	1 Jun	41	Yearly	Part of Site of Fort Dufferin
		10 00	1 Jun	45	Yearly	Part of Site of Fort Dufferin
		1 00	15 Jul	42	Yearly	Site for RF Accn
Saint Martins.....	Army	600 00	1 Oct	51	1 year	Armoury Accn for RF
St. Stephen.....	Army	600 00	15 Jul	50	Yearly	Armoury Accn for RF
		2,700 00	15 Nov	48	3 years	Armoury Accn for RF
Sackville.....	Army	1,800 00	1 Jan	51	1 year	Armoury Accn for RF
	Army	2,400 00	1 Sep	50	Yearly	COTC & UNTD Accn
Salisbury.....	Army	480 00	1 Feb	51	1 year	Armoury Accn for RF
Shediac.....	Army	1,500 00	1 Jun	51	1 year	Armoury Accn for RF
Sussex.....	Army	101 49	1 Sep	39	Yearly	Railway Siding Sussex Camp
		75 00	1 Nov	42	Yearly	Railway Siding Sussex Camp
		122 00	1 Nov	42	Yearly	Railway Siding Sussex Camp
Utopia.....	Army	190 00	9 Dec	46	Yearly	Part of Camp Site
		25 00	1 Apr	46	Yearly	Part of Camp Site
		15 00	28 Oct	43	Yearly	Part of Camp Site
		6 00	16 Nov	43	Yearly	Part of Camp Site
		2 50	27 Oct	43	Yearly	Part of Camp Site
QUEBEC—						
Arvida.....	Army	2,400 00	1 Dec	48	Monthly	Reserve Force Armoury
		4,800 00	1 May	51	Monthly	Reserve Force Bldg.
Bouchard.....	Army	11,692 00	6 Dec	47	Bi-monthly	Railway Sidings
		3,152 46	22 Apr	42	Until notice	Railway Sidings
Bury.....	Army	36 00	1 Jul	43	Monthly	Reserve Force Garage
		360 00	1 Nov	51	1 year	Reserve Force Garage
Cap de la Madeleine.....	Army	1 00	3 Oct	46	Tri-monthly	Hangar sites for Reserve Force
Cartierville.....	RCAF	2,400 00	1 Jun	47	Yearly	Office Accommodation
Coaticook.....	Army	516 00	1 Dec	50	Yearly for 2 years	Reserve Force Garage
Cookshire.....	Army	600 00	15 Jun	42	Monthly	Reserve Force Armoury
Cowansville.....	Army	1,500 00	1 Oct	45	5 years	Reserve Force Armoury
Danville.....	Army	1,320 00	1 Jan	52	1 year	Reserve Force Armoury
Drummondville.....	Army	1,200 00	1 Oct	51	1 year	Reserve Force Garage
Gaspe.....	Army	25 00	1 Nov	43	Yearly	Land for Rifle Range
Joliette.....	Army	2,400 00	1 Jun	47	5 years	Reserve Force Accommodation
Jonquiere.....	Army	600 00	Apr	51	1 year	Reserve Force Armoury
Lachine.....	RCAF	1,500 00	19 Nov	42	Yearly	Station Area
Matane.....	Army	3,300 00	1 Sep	51	1 year	Officers for Reserve Force
Montmagny.....	Army	200 00	1 Aug	51	1 year	Reserve Force Rifle Range
	Army	480 00	15 Nov	49	Monthly	Reserve Force Garage

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
QUEBEC—Con.						
Montreal.....	Army	8,280 00	1 May	49	Yearly	RCASC Supply Depot
	Army	4,200 00	1 Dec	51	1 year	COTC Accommodation
	Army	7,480 00	1 Oct	51	1 year	COTC Accommodation
	Army	5,112 00	1 Mar	51	1 year	Reserve Force Garage
	Army	9,000 00	1 Apr	48	Yearly	COTC Accommodation
	Army	900 00	1 May	50	Monthly	Parking Area for Active Force
	Army	1,800 00	1 Apr	48	Yearly	COTC Accommodation
	Army	50 00	1 Jan	45	Yearly	Railway Siding Site
	Army	5,367 05	1 Sep	42	Yearly	Railway Sidings
	Army	10 00	1 Apr	46	Yearly	Fence on Railway Property
	Army	56 00	1 Aug	50	Yearly	Land for Roadway
	RCAF	360 00	1 Dec	49	Yearly	Reserve Accommodation
	RCAF	17,500 00	15 Jun	50	5 years	R & C Unit
	RCAF	200 00	1 Sep	50	Yearly	AMES 11
New Carlisle.....	Army	96 00	1 Feb	50	Monthly	
		1,200 00	1 Sep	45	Monthly	
Noranda.....	Army	750 00	1 Nov	51	Yearly	Reserve Force Accommodation
	Army	1,500 00	1 Sep	50		Reserve Force Garage
	Army	3,300 00	1 Nov	51	1 year	Reserve Force Armoury
	Army	1,500 00	1 May	51		Reserve Force Accommodation
North River.....	Army	180 00	1 July	51		Tank Hangar (RF)
	Army	120 00	1 Jan	51		Gun Storage (RF)
Outremont.....	Navy	2,500 00	1 July	51	2 years	Temporary Naval Storage
		per month				Depot
Plessisville.....	Army	264 00	1 Nov	48	Monthly	Indoor Rifle Range (RF)
	Army	960 00	1 Aug	51	1 year	Reserve Force Accommodation
Port Alfred.....	Army	3,600 00	1 Jan	51	1 year	Reserve Force Armoury
Quebec.....	Army	1 00	1 July	51	10 mon.	
	Army	10,000 00	1 Sep	51	3 years	Drill Hall Site
	RCAF	900 00	1 June	50	Yearly	Reserve Force Armoury
Rock Island.....	Army	300 00	1 Dec	51		Reserve University Sqdn.
Ste. Anne de Belle- vue.....	Army	360 00	1 July	51		Reserve Force Accommodation
St. Jerome.....	Army	500 00	1 Nov	47	15 years	Reserve Force Accommodation
Ste. Marie Beauce.	Army	600 00	1 Aug	50	Monthly	Training Accommodation (RF)
St. Romuald.....	Army	4,200 00	1 Nov	48	5 years	Reserve Force Accommodation
Scotstown.....	Army	300 00	1 April	51		Armoury (RF)
	Army	96 00	1 Nov	51		Garage (RF)
	Army	96 00	1 Nov	51		Garage (RF)
	Army	120 00	1 Sep	50		Garage (RF)
Shawinigan Falls..	Army	2,700 00	1 Mar	51		Training Ground (RF)
	Army	3,000 00	9 Dec	50	Monthly	Armoury (RF)
Sherbrooke.....	Army	4,200 00	1 Jan	51		Armoury (RF)
	Army	2,000 00	1 Sep	51		Accommodation (RF)
	Army	6,300 00	1 June	51		Workshop & Garage (RF)
Sorel.....	Army	3,840 00	1 April	51		Training & Storage (RF)
Thetford Mines....	Army	156 00	15 Nov	49	Monthly	Garage (RF)
Windsor Mills.....	Army	840 00	1 April	47		Armoury (RF)
ONTARIO—						
Ajax.....	Army	900 00	1 Dec	50	1 year	Armoury (RF)
Bancroft.....	Army	594 00	1 Jul	51	1 year	Armoury (RF)
	Army	108 00	1 Feb	50	Monthly	Garage (RF)
Belleville.....	Army	7,200 00	21 Feb	51	5 years	Armoury (RF)
Brampton.....	Army	25 00	1 Jul	50	Yearly	Land for Rifle Range
	Army	1,200 00	1 Feb	51	1 year	Garage (RF)
Brockville.....	Army	35 00	21 Nov	42	Yearly	Military Camp
	Army	25 00	1 Aug	41	Monthly	Military Camp
	Army	200 00	1 Aug	41	Monthly	Military Camp
	Army	2 00	1 Jul	43	Yearly	Military Camp
	Army	175 00	1 Jan	43	Monthly	Rifle Range
	Army	15 00	1 Aug	41	Monthly	Rifle Range
	Army	21 00	1 Aug	41	Monthly	Rifle Range
	Army	10 00	1 Aug	41	Monthly	Rifle Range
	Army	55 00	1 Jan	47	Monthly	Rifle Range
	Army	84 00	1 Jan	47	Monthly	Rifle Range
	Army	400 00	1 Aug	41	Monthly	Rifle Range
	Army	45 00	1 Aug	41	Monthly	Rifle Range



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
ONTARIO—Con.						
Burks Falls.....	Army	1,500 00	1 Jan	51	1 year	Armoury (RF)
Camp Borden.....	Army	700 00	25 Aug	50	3 years	Land Gravel Pit
Carleton Place....	Army	180 00	1 Mar	46	Monthly	Armoury (RF)
	Army	300 00	1 May	48	Yearly	Gun Storage
Edwards.....	Navy	105 00	15 Nov	42	Monthly	Naval W/T Station Site
Fort Erie.....	Army	1,020 00	1 Apr	51	1 year	Armoury (RF)
Fort Frances.....	Army	2,640 00	1 Feb	51	1 year	Armoury (RF)
	Army	120 00	1 Feb	47	Monthly	Garage (RF)
Fort William.....	Army	150 00	1 Jun	51	1 year	Storage space
Frankford.....	Army	400 00	1 Jan	49	Yearly	Armoury (RF)
	Army	840 00	1 Jul	51	Monthly	Garage (RF)
	Army	60 00	1 Jul	50	1 year	Garage (RF)
Galt.....	Army	1,044 00	1 May	48	5 years	Armoury (RF)
Goderich.....	Army	360 00	1 Nov	50	1 year	Armoury (RF)
Guelph.....	Army	500 00	1 Apr	47	Monthly	COTC
Hagersville.....	Army	510 11	6 Jan	42		Railway siding
	Army	366 18	1 Aug	46		Railway siding
Hamilton.....	Army	475 00	1 Apr	49	Yearly	COTC
		(+\$2.00 per period per lecture room)				
Kingston.....	Army	1,200 00	1 Apr	51	1 year	RCASC Garage
	Army	400 00	1 Apr	48	Yearly	COTC Accn
	Army	720 00	1 Jul	50	1 year	Armoury RF
	DRB	3,500 00	1 Apr	47	Yearly	Laboratory Accn
Kenora.....	Army	1 00	1 Jul	50	7 years	Indoor Rifle Range
Kitchener.....	Army	120 00	1 Apr	47	Monthly	Parade Ground
London.....	Army	1,500 00	1 Apr	50	Yearly	COTC Accn
		(\$1.00 per man in units)				
	Army	152 00	12 Nov	42		Railway Siding (COD)
	Army	258 00	12 Dec	40		Railway Siding (COD)
Madoc.....	Army	108 00	1 Nov	49	1 year thereafter monthly	Garage (RF)
Malton.....	Army	339 04	21 Dec	47	Yearly	Use of Storm Sewer
Marathon.....	Army	1,500 00	1 Sep	49	Monthly	Armoury (RF)
Merrickville.....	Army	1 00	5 Aug	07	99 years	Armoury (RF)
Midland.....	Army	600 00	1 Jun	51	1 year	Armoury (RF)
Mohawk.....	RCAF	2,508 50	1 Sep	40	Yearly	Airport Site
Morrisburg.....	Army	1 00	1 Mar	50	99 years	Vacant
North Bay.....	Army	1,140 00	1 May	51	1 year	Recruiting Office
Oshawa.....	Army	2,400 00	1 Nov	50	1 year	Armoury (RF)
Ottawa.....	Army	560 00	1 Sep	50	1 year	RCASC Parking Space
	Army	9,000 00	1 May	48	5 years	Historical Section
	Army	781 20	31 Oct	49	Monthly	Imperial War Graves Com- mission
	Army	600 00	15 Apr	42	Yearly	Site for Composite Stores
	Army	193 81	1 Oct	43	Yearly	Railway Siding (Plouffe Park)
	Army	8,220 00	1 Mar	51	1 year	Armoury (RF)
	Army	1 00	18 Dec	40	Monthly	Armoury (RF)
	Army	15,000 00	25 Mar	51	5 years	Armoury (RF)
	Army	7,800 00	11 May	49	3 years	Armoury (RF)
	Army	1,560 00	1 Apr	48	Yearly	COTC Accn
	Army	900 00	1 Apr	51	5 months	COTC Accn
Owen Sound.....	Army	1,020 00	1 Dec	50	1 year	Armoury (RF)
	Army	4,800 00	15 Dec.	50	1 year	Armoury (RF)
Paris.....	Army	1,200 00	1 Nov	50	1 year	Armoury (RF)
Parry Sound.....	Army	360 00	1 Sep	50	Monthly	Storage (RF)
Perth.....	Army	720 00	1 Sep	50	1 year	Garage (RF)
Petawawa.....	Army	25 00	3 Jul	50	1 year	Removal of Gravel
	Army	198 00	1 Jul	29	Yearly	Railway Siding
	Army	127 00	1 Nov	25	Yearly	Railway Siding
	Army	1 00	1 May	41	Yearly	Training Area
	Army	42 00	2 Jun	42	Yearly	Coal Spur
	Army	1 00	1 Mar	43	Yearly	Training Area
Port Colborne.....	Army	1,200 00	1 Feb	51	1 year	Armoury (RF)

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
ONTARIO—Con.						
Port Credit.....	Army	600 00	1 Jan	42	.....	Armoury (RF)
Port Hope.....	Army	1 00	1 Jul	48	Yearly	Armoury Site
	Army	834 00	15 Dec	49	Yearly	Armoury (RF)
Renfrew.....	Army	144 00	30 Sep	50	1 year	Armoury (RF)
Sarnia.....	Army	840 00	1 Sep	51	1 year	Garage (RF)
Sault Ste. Marie...	Army	1 00	15 Oct	43	Yearly	Sgts. Mess
Smith Falls.....	Army	600 00	15 May	40	Monthly	Armoury (RF)
Strathroy.....	Army	300 00	1 Dec	51	1 year	Armoury (RF)
St. Mary's.....	Army	540 00	1 Jan	51	1 year	Armoury (RF)
	Army	408 00	15 Jun	50	Yearly	Garage (RF)
Stouffville.....	Army	739 60	1 Jun	50	2 years	Training Area (RF)
	Army	900 00	15 Nov	49	Yearly	Armoury (RF)
Sudbury.....	Army	480 00	7 Dec	48	.....	Storage of Vehicles
	Army	4,200 00	1 Jun	51	1 year	Armoury (RF)
Terrace Bay.....	Army	3,000 00	1 Mar	51	1 year	Armoury (RF)
Tillsonburg.....	Army	900 00	12 Dec	40	.....	Armoury (RF)
Toronto.....	Army	6,000 00	1 Sep	49	5 years	Garage and Workshop
	Army	11,520 00	1 Feb	49	5 years	Armoury (RF)
	Army	6,375 00	1 Jan	51	1 year	Training Bldg.
	Army	1,515 00	16 Jan	51	Monthly	Transport Accn.
	Army	1,200 00	15 Mar	43	Monthly	Parking Lot
	Army	6,200 00	1 May	51	1 year	Armoury (RF)
	Army	2,139 00	15 Sep	50	Yearly	Armoury (RF)
	Army	764 80	13 Mar	51	Monthly	Office Space (RTO)
	Army	2,091 60	1 Apr	51	1 year	COTC Accn
	Army	90 00	Period of lease indefinite			Parking Space
	Navy	1 00	1 Oct	44	998 years	Site for Naval Divisions
	Navy	900 00	15 Nov	49	Yearly	Hangar for Naval Training Aircraft
Welland.....	Army	1 00	1 Jul	47	Yearly	Armoury (RF)
	Army	600 00	5 Oct	48	Yearly	Garage (RF)
Weston.....	RCAF	5 00	1 Jan	46	99 years	Supply Depot
Windsor.....	Army	3,600 00	1 May	50	Yearly	Site for Hutments (RF)
Wingham.....	Army	240 00	1 May	48	5 years	Armoury (RF)
	Army	1 00	.....			Parking Lot (RF)
Woodstock.....	Army	180 00	1 May	51	1 year	Land Training Area (RF)
MANITOBA—						
Birtle.....	Army	480 00	1 Oct	51	1 year	Armoury Accn (RF)
Brandon.....	Army	1 00	1 Jul	47	Yearly	Vehicle Training Area
Carman.....	Army	840 00	1 Apr	51	1 year	Armoury Accn (RF)
Churchill.....	Army	555 14	1 Feb	45	Yearly	Railway Siding
Clear Lake.....	Army	10 00	1 Apr	45	21 yrs.	Cadet Camp Site
Dauphin.....	Army	120 00	1 Nov	47	Monthly	Garage Accn (RF)
Dryden.....	Army	1,440 00	1 Nov	49	1 year	Armoury Accn (RF)
	Army	120 00	1 Nov	51	1 year	Garage Accn (RF)
Flin Flon.....	Army	1,800 00	1 May	45	Monthly	Armoury Accn (RF)
Rivers.....	RCAF	2,508 50	1 Sep	40	Yearly	Airport Site
Shilo.....	Army	1 00	31 Jul	42	Yearly	Sewage disposal site
	Army	1 00	4 Nov	42	Yearly	Storage & Isolation magazine
	Army	659 13	26 Sep	34	Yearly	2 railway sidings
Swan River.....	Army	420 00	1 Jul	51	1 year	Armoury Accn (RF)
The Pas.....	Army	300 00	1 Jun	49	5 years	Armoury Accn (RF)
	Army	120 00	14 Feb	47	Monthly	Armoury Accn (RF)
Winnipeg.....	Army	5,700 00	1 Apr	46	10 years	Barrack Site
	Army	338 84	1 Dec	51	Yearly	Railway Siding
	Army	101 57	10 Jun	40	Yearly	Railway Siding
	Army	480 00	1 Apr	48	Yearly	COTC Accn
	RCAF	2,500 00	1 Sep	42	Yearly	Airport Site
	RCAF	6 00	1 Aug	50	Month to month	Parking Area

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
SASKATCHEWAN—						
Abbey.....	Army	300 00	1 Jan	51	1 year	Armoury Accn (RF)
Assiniboia.....	Army	900 00	1 Nov	51	1 year	Armoury Accn (RF)
	Army	120 00	1 Dec	51	1 year	Garage Accn (RF)
Climax.....	Army	336 00	1 Jul	51	1 year	Armoury Accn (RF)
Fond du Lac.....	Army	1 00	1 Nov	32	Yearly	Radio & Seaplane base
Frontier.....	Army	220 08	1 Apr	51	1 year	Armoury Accn (RF)
Goldfield.....	Army	1 00	1 May	38	20 years	Radio Telegraph Station
	Army	1 00	1 May	38	21 years	Radio Telegraph Station
Gravelbourg.....	Army	360 00	1 Jun	45	Monthly	Armoury Accn (RF)
Grenfell.....	Army	260 00	16 Mar	51	1 year	Armoury Accn (RF)
	Army	540 00	1 Jan	51	Monthly	Armoury Accn (RF)
Herbert.....	Army	284 00	1 Apr	45	Monthly	Armoury Accn (RF)
Humboldt.....	Army	900 00	1 Sep	47	Yearly	Armoury Accn (RF)
Indian Head.....	Army	144 00	1 Feb	49	Monthly	Vehicle storage (RF)
Kamsack.....	Army	365 00	1 Apr	51	Yearly	Armoury Accn (RF)
	Army	120 00	1 Oct	50	Yearly	Vehicle Storage (RF)
Langham.....	Army	200 00	26 Oct	50	Yearly	Vehicle Storage (RF)
	Army	960 00	1 Oct	48	Yearly	Armoury Accn (RF)
Limerick.....	Army	420 00	1 Nov	48	Yearly	Armoury Accn (RF)
Melville.....	Army	900 00	1 Jun	49	Yearly	Armoury Accn (RF)
Melfort.....	Army	102 50	1 Apr	49	Yearly	Vehicle Storage (RF)
Moose Jaw.....	Army	900 00	Jun	51	Monthly	Personnel Depot & Recruiting Station
	Army	5,000 00	1 Nov	46	Yearly	Tank repair depot
Nipawin.....	Army	840 00	4 Feb	51	1 year	Armoury Accn (RF)
Outlook.....	Army	600 00	1 Nov	49	Yearly	Armoury Accn (RF)
Prince Albert.....	Army	1 00	1 Dec	48	Yearly	Parking Lot
	Army	1,620 00	1 Jun	51	1 year	Personnel Depot
Regina.....	Army	746 64	1 Jan	51	1 year	Armoury Accn (RF)
	Army	1,814 40	1 Jul	50	Yearly	Armoury Accn (RF)
	Army	50 00	27 Aug	42	Yearly	Site of EMQ's
	Army	1 00	1 Jan	51	1 year	Parade ground
	Navy	1,634 33	6 Feb	42	Yearly	Buildings for Naval Division
Saskatoon.....	Army	6,000 00	1 Mar	51	1 year	Armoury Accn (RF)
	Army	2,600 00	1 Apr	50	Yearly	COTC Accn—joint services
Shaunavon.....	Army	600 00	1 Jun	51	3 years	Armoury Accn (RF)
Saskatoon.....	Army	2,400 00	1 Jan	51	1 year	Armoury & Vehicle storage
Swift Current.....	Army	1,200 00	1 May	51	Yearly	Armoury Accn (RF)
	Army	1,800 00	1 Jun	48	Yearly	Armoury Accn (RF)
	Army	600 00	1 Nov	47	Monthly	Armoury Accn (RF)
Tompkins.....	Army	200 00	1 Dec	51	1 year	Vehicle Storage & training
Weyburn.....	Army	1,750 00	10 Oct	38 to 10 Oct	53	Armoury Accn (RF)
	Army	109 00	1 Dec	48	Monthly	Vehicle storage (RF)
Wakaw.....	Army	420 00	1 Nov	51	1 year	Armoury Accn (RF)
ALBERTA—						
Bassano.....	Army	1 00	26 April	49	Yearly	Site for Armoury Accommoda- tion
Big Valley.....	Army	60 00	1 Oct	41	Yearly	Armoury Accn. (RF)
Blackie.....	Army	1 00	1 Jun	51	1 year	Armoury Site
Brooks.....	Army	720 00	1 Jan	50	1 year	Armoury Accn (RF)
Calgary.....	Army	14 00	1 Aug	37	Yearly	Railway Siding
	Army	3,000 00	24 Aug	42	Monthly	Garage Accn
	Army	180 00	1 Sep	42	Monthly	Parking Space
	Army	300 00	1 Jan	47	Monthly	Recreation Accn (RF)
	Army	2,400 00	1 Nov	48	Yearly	Workshop Accn (RF)
	RCAF	1,000 00	1 Feb	45	Yearly	S.D. Accommodation
Condor.....	Army	120 00	1 Aug	51	1 year	Armoury Accn (RF)
Didsbury.....	Army	300 00	8 Jun	48	Monthly	Armoury Accn (RF)
Drumheller.....	Army	1,500 00	1 Nov	50	3 years	Armoury Accn (RF)
Edmonton.....	Army	648 00	1 Oct	46	Yearly	Site for Supply depot
	Army	100 00	1 Jan	48	10 years	Site for Warehouse
	Army	540 00	1 May	51	1 year	Site for EMQ's and Workshop
	Army	1 00	1 Mar	51	1 year	Site for Army Hutments
	Army	1,200 00	1 April	50	Yearly	COTC Accn
	Army	400 00	18 May	42	10 years	Rifle Range Site
	RCAF	1,500 00	9 Feb	48	Yearly	Married Quarters
	RCAF	60 00	1 Mar	51	1 year	Transformer Station
	RCAF	1,848 00	1 April	49	Yearly	Married Quarters
	RCAF	1 00	29 Dec	47	10 years	Building Area



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
ALBERTA—Con.						
Grand Prairie.....	Army	1 00	21 Feb	51	1 year	Site of Armoury Building
High River.....	Army	2,400 00	1 Jul	49	5 years	Armoury Accn (RF)
	Army	600 00	1 Jul	51	1 year	RF Garage Accn
Lake Chestermere	Navy	90 00	22 Aug	51	50 years	Site for Naval Division
Lethbridge.....	Army	600 00	1 Apr	51	3 years	Armoury Accn (RF)
Lacombe.....	Army	1,080 00	1 Nov	51	1 year	Armoury Accn (RF)
	Army	15 00	30 Apr	51	1 year	(RF) Garage Accn
Medicine Hat.....	Army	300 00	24 Sep	47	10 years	Officers' Mess Building
Nanton.....	Army	1,020 00	1 Apr	51	1 year	Armoury Accn (RF)
Okotoks.....	Army	510 00	1 May	43	Monthly	Armoury Accn (RF)
Olds.....	Army	120 00	1 Apr	51	1 year	Orderly Room (RF)
	Army	1 00	9 Nov	47	Yearly	Armoury Accn (RF)
Pincher Creek.....	Army	1 00	1 Mar	51	1 year	Site of Armour Accn (RF)
Redcliffe.....	Army	60 00	1 Nov to 30 Apr 52			Garage Accn (RF)
Rocky Mt. House.	Army	720 00	1 Jan	51	1 year	Armoury Accn (RF)
Sarcee.....	Army	2,000 00	1 Apr	51	1 year	Camps Site Train. area RR
	Army	3,000 00	1 Oct	51	1 year	Trg area
Turner Valley.....	Army	1,440 00	1 Feb	51	2 years	Armoury Accn (RF)
Vermillion.....	Army	1 00	1 Jul	51	5 years	Armoury Site
Vulcan.....	Army	150 00	6 Jul	41	Monthly	Armoury Accn (RF)
Wainwright.....	Army	20,000 00	1 Apr	49	Yearly	Trg area and Camp Site
	Army	503 98	13 Nov	42	Yearly	Spur track to Camp Site
Wetaskiwin.....	Army	50 00	1 Apr	50	Yearly	Loading Corral
Wetaskiwin.....	Army	1 00	1 Apr	51	1 year	Armoury Accn (RF)
Lamont.....	Army	180 00	1 July	45	Monthly	Armoury Accn (RF)
BRITISH COLUMBIA—						
Chilliwack.....	Army	6 00	15 May	51	1 year	Watermanship Training Area
	Army	5 00	5 Oct	42	Yearly	Rifle Range Area
	Army	248 00	1 Nov	51	1 year	Rifle Range Area
	Army	240 00	1 Nov	51	1 year	Rifle Range Area
	Army	208 00	10 Feb	51	1 year	Rifle Range Area
	Army	20 00	8 Oct	42	Monthly	Bridging Training Area
	Army	1 00	19 Oct	42	Monthly	Bridging Training Area
	Army	21 00	9 Nov	43	Yearly	Vehicle Parking Lot (RF)
Comox.....	Navy	150 00	1 Jan	40	21 years	Navy Firing Range
Dawson Creek.....	Army	269 12	8 Sep	47	Yearly	Railway Siding for SD
	RCAF	3,000 00	1 Feb	51	1 year	Storage
Duncan.....	Army	5 00	1 Jan	48	20 years	Radio Station Sites
	Army	5 00	1 Mar	49	20 years	Radio Station Sites
	Army	1,200 00	1 Sep	49	Yearly	Armoury (RF)
Esquimalt.....	Navy	1 00	14 Oct	43	10 years	Part of Naval Base Site
Kamloops.....	Army	50 00	20 Jul	44	10 years	Water Supply Magazine Area
	Army	360 00	1 Oct	45	Monthly	Vehicle Storage (RF)
Kimberley.....	Army	1,680 00	31 Oct	50	1 year	Armoury (RF)
	Army	540 00	1 Oct	46	Monthly	Vehicle Storage (RF)
New Westminster.	Army	1 00	11 Mar	43	Yearly	Artillery Ranges
	Army	1 00	21 Apr	43	Yearly	Artillery Ranges
Port Alberni.....	Army	284 29	1 Jan	48	Yearly	Rifle Range Site
Prince George.....	Army	1 00	1 Nov	48	Yearly	Armoury Site
	Army	218 00	1 Apr	48	Yearly	Armoury Site
Prince Rupert.....	Army	41 96	9 Jan	39	Yearly	Railroad Siding
	Army	25 00	1 Nov	44	Yearly	Anti-Aircraft Battery Site
	Army	200 00	16 Mar	47	Monthly	Rifle Range Site
	Army	110 00	1 Apr	51	1 year	Garage Site (RF)
	Army	1 00	1 Apr	51	1 year	Rifle Range Site
	Navy	25 00	1 Oct	49	Yearly	Site for Seaward Defence
	Navy	1 00	22 Dec	42	21 years	Bldg & Site for Naval Base
Salmon Arm.....	Army	360 00	19 Dec	50	1 year	Armoury (RF)
	Army	180 00	1 Aug	51	1 year	Vehicle Storage (RF)
Sea Island.....	RCAF	1,108 80	1 Jul	49	Yearly	Explosives Storages
Trail.....	Army	1,200 00	1 Jan	49	Yearly	Armoury (RF)
Tsawwassen.....	RCAF	50 00	1 Jun	44	As long as required	Bombing Range

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
<b>BRITISH COLUMBIA—</b>						
<i>Con.</i>						
Vancouver.....	Army	160 00	1 Dec	49	25 years	Heating Tunnel under 4th Avenue
	Army	300 00	1 Mar	49	Monthly	Hutment Site (RF)
	Army	13,942 00		1933	20 years	Site of Armoury
	Army	2,000 00	1 Apr	48	Yearly	COTC Accn
	Navy	75 00	15 Jun	51	Monthly	Naval Recruiting Stn
		a month				
Vernon.....	Army	182 00	1 Jan	43	Yearly	Armoury & Stores Site
		1,450 00	15 Aug	51	1 year	Training Area
Victoria.....	Army	25 00	1 Sep	39	30 years	Access Road to FOB Site
	Army	180 00	1 Aug	50	5 years	Battery Site
	Army	55 56	1 Jul	41	Monthly	Searchlight Battery Site
<b>NORTHWEST TERRITORIES—</b>						
Fort Resolution...	Army	1 00	Year to Year			RCCS Radio Station
Fort Simpson.....	Army	50 00	1 Jun	46	10 years	RCCS Radio Station
Norman Wells.....	Army	6,350 00	23 Apr	49	3 years	Air Supply
Yellowknife .....	Army	8,100 00	11 Aug	48	Yearly	Armoury (RF)
<b>ENGLAND—</b>						
London.....	Army	16,800 00	25 Mar	51	1 year	Joint Services Accommodation
	Army	1,050 00	1 Apr	51	1 year	Joint Services Garage
<b>UNITED STATES—</b>						
Washington.....	Army	5,347 80	1 Jun	51	.....	Joint Staffs Garage
	Army	14,400 00	1 Sep	-	31 Oct 53	Office of Joint Staffs

## PART III—LAND AND BUILDINGS LEASED SINCE APRIL 1, 1950, BUT SINCE TERMINATED

*(Part III substituted as per letter of clerk on December 14)*

Location	Service	Total Rental Paid	Date of Lease	Date of Termination	Purpose
		\$ cts.			
Georgetown, P.E.I.....	Army	100 00	7 May 50	6 Oct 51	Armoury Accn (RF)
Sherbrooke, Que.....	RCAF	8,125 00	3 Aug 50	31 Aug 51	AC and WV, HQ
Grimsby, Ont.....	Army	900 00	1 Jun 50	31 May 51	Armoury Accn (RF)
Toronto, Ont.....	Army	1,391 00	1 Jun 50	13 Mar 51	RTO
Winnipeg, Man.....	Army	300 00	1 Jun 50	31 May 51	Coal Storage Site
Midland, Ont.....	Army	2,850 00	15 Apr 50	15 Oct 51	Armoury Accn (RF)
Corner Brook, Nfld.....	Army	480 00	28 Apr 50	28 Oct 50	Armoury Accn (RF)
Owen Sound, Ont.....	Army	666 66	1 Oct 50	31 Dec 50	Armoury Accn (RF)
Calgary, Alta.....	Army	3,665 04	1 Nov 50	1 Mar 51	Can Army (Special F.)
Ottawa Coliseum, Lansdowne Park	Army	1,000 00	2 May 51	30 May 51	Sleeping Accn
Victoria, B.C.....	Navy	700 00	9 May 51	9 Oct 51	Storage Accom
Victoria, B.C.....	Navy	1,550 00	15 May 50	31 Aug 51	Training Field
Aklavik, N.W.T.....	Navy	120 00	1 Jul 51	1 Oct 51	Storage Accom



## APPENDIX N

ORDERS PLACED BY CANADIAN COMMERCIAL CORPORATION  
AND  
THE DEPARTMENT OF DEFENCE PRODUCTION  
ON BEHALF OF THE  
DEPARTMENT OF NATIONAL DEFENCE  
FOR  
SELECTED ITEMS OF OPERATIONAL EQUIPMENT  
APRIL, 1950—NOVEMBER, 1951

This list covers all major orders placed on behalf of the Department of National Defence for operational equipment with the exception of specialized electronic items. Figures given for aircraft, however, include the value of electronic gear to be embodied in the actual airframes. The estimated value of the orders and the expenditures there against relate to production contracts only and do not include those for capital assistance or development. The period covered is from April, 1950 to November, 1951.

## SUMMARY

Category	Estimated Value	Expenditures
	\$	\$
1. Small arms and machine guns -60 calibre (15.2 mm) and under....	19,282,262	308,300
2. Artillery and naval guns over calibre -60 (over 15.2 mm), mortars and missile launchers.....	45,729,565	21,458,232
3. Tanks, self-propelled weapons and other military vehicles.....	93,265,436	7,283,654
4. Ammunition.....	103,039,505	6,875,508
5. Rockets.....	14,379,311	1,882,329
6. Miscellaneous ammunition and related products.....	5,498,635	622,148
7. Miscellaneous ordnance and ordnance material.....	396,381	266,677
8. Aircraft.....	788,585,635	157,004,557
9. Ships.....	167,653,448	23,858,316
Expenditure for bulk orders placed with the United States government for divisional equipment.....		46,495,890
TOTALS.....	1,237,830,178	266,055,611

## 1.—SMALL ARMS AND MACHINE GUNS ·60 CALIBRE (15·2 MM) AND UNDER

Major orders placed for the armed services in the period April, 1950 to November, 1951, amounted to \$19,282,262. This figure includes orders for United States-type small arms valued at \$1,103,621 on which procurement has been suspended pending clarification of the issue of standardization. The expenditure on these items covers deliveries before the orders were suspended. The main orders are shown below.

Canadian Arsenals Limited.....	12,291 Browning ·5 machine guns.	14,601,228	26,620
U.S. Government.....	208 aircraft machine guns and spares.....	493,740	18,000
Canadian Arsenals Limited.....	1,176 ·22 calibre rifles.....	77,584	45,404
U.S. Government.....	2,025 ·45 calibre sub-machine guns	93,357*	
	(partly suspended)	513,514*	
U.S. Government.....	734 ·50 calibre machine guns.....	(partly suspended)	
U.S. Government.....	20,951 ·30 calibre rifles.....	2,329,287*	
	(partly suspended)	308,900*	
U.S. Government.....	1,234 ·30 calibre machine guns....	(partly suspended)	
Harrington and Richardson Arms Co. Limited.....	4,440 survival weapons (·22).....	240,781	nil
Canadian Arsenals Limited.....	Parts, accessories and repairs for ·303 rifles.....	623,871	218,276
		19,282,262	308,300

2. ARTILLERY AND NAVAL GUNS OVER CALIBRE ·60 (OVER 15·2 MM),  
MORTARS AND MISSILE LAUNCHERS

The value of major orders placed for guns over ·60 calibre, including mortars and launchers in the period April, 1950 to November, 1951 amounted to \$45,729,565. Procurement action on grenade launchers valued at \$30,343, has been suspended although this amount is included in the total. The main orders are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Dominion Bridge Company.....	73 mountings for anti-submarine mortars.....	500,000	nil
Dominion Bridge Company.....	33 naval mortars.....	400,000	nil
U.K. Government.....	Anti-submarine mortars.....	458,940	nil
Sorel Industries Ltd.....	11 mounts for anti-submarine mortars.....	400,000	nil
U.S. Government.....	10 3"/50 calibre naval guns.....	3,751,068	3,748,068
Sorel Industries Ltd.....	44 3"/50 calibre naval guns.....	13,000,000	2,730,514
U.S. Government.....	267 60mm mortars and mounts and 98 81mm mortars and mounts.....	411,319*	
U.S. Government.....	59 4·2" mortars.....	141,070*	
U.S. Government.....	4,093 grenade launchers.....	30,343*	
	(suspended)	114,095*	
U.S. Government.....	1,345 3·5" rocket launchers.....	100,440*	
U.S. Government.....	81 57mm rifles.....	255,274	nil
Firestone Tire & Rubber Company.	3,750 3·5" rocket launchers.....	48,019	3,299
Magnovox Co.....	Parts for 3·5" rocket launchers....	110,500*	
U.S. Government.....	65 75mm rifles.....	2,052,490*	
U.S. Government.....	64 gun carriages.....	846,197	846,197
U.S. Government.....	30 40mm guns.....	1,500,000	nil
Sorel Industries Ltd.....	138 105mm howitzers.....	1,457,646*	
U.S. Government.....	88 105mm howitzers.....	1,412,010*	
U.S. Government.....	47 155mm howitzers.....	650,000	nil
Sorel Industries Ltd.....	29 155mm howitzers.....	3,960,000	nil
Sorel Industries Ltd.....	180 155mm howitzers*	14,130,154	14,130,154
Orders classified for security reasons			
		45,729,565	21,458,232

\* See footnote on final page.

\*\* For transfer to other NATO countries.

## 3. TANKS, SELF PROPELLED WEAPONS AND OTHER MILITARY VEHICLES

Major orders for military vehicles of all types amounted to \$93,265,436 in the period April, 1950 to November, 1951. The main orders placed in this period are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.S. Government.....	1,136 military vehicles.....	7,272,727	7,272,727
U.S. Government <sup>1</sup> .....	220 medium tanks.....	51,134,957*	
U.S. Government.....	34 Bulldozer tank mountings plus spares.....	268,753*	
U.S. Government.....	11 tank recovery vehicles.....	1,527,900*	
U.S. Government.....	9 light tanks.....	1,070,640*	
U.S. Government.....	Motor carriages T141 plus spares..	6,048,000*	
U.S. Government.....	9 tanks T41E1 plus spares.....	1,803,069*	
Ford Company of Canada.....	1,911 $\frac{1}{2}$ ton 4 x 4 trucks.....	4,933,000	nil
Chrysler Corporation of Canada....	933 $\frac{3}{4}$ ton 4 x 4 trucks.....	5,669,940	10,927
General Motors of Canada.....	1,978 $2\frac{1}{2}$ ton 6 x 6 trucks.....	13,536,450	nil
		93,265,436	7,283,654

<sup>1</sup> Procurement action on these tanks has been suspended. In the meantime a contract demand has been received for 40 Centurion tanks worth \$5,236,000 to be purchased from the United Kingdom and it is understood that additional contracts demands for Centurion tanks will probably be submitted in the near future.

\* See footnote on final page.



## 4.—AMMUNITION

Major orders placed for ammunition amounted to \$103,039,505 in the period April, 1950 to November, 1951. Procurement action has been held up on small arms ammunition valued at \$1,097,775 pending clarification of the issue of standardization. To avoid duplication, pool orders issued in the Department of Defence Production for components are not included in this tabulation. The main orders for ammunition are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Canadian Arsenals Limited.....	286,100 20 mm cartridges.....	308,680	74,980
Canadian Industries Ltd.....	28,680,000 .22 cartridges.....	212,538	201,731
U.S. Government.....	9,991,200 .30 cartridges.....	935,162*	
		(partly suspended)	
U.S. Government.....	8,823,950 .50 cartridges.....	2,737,900*	
		(partly suspended)	
Canadian Arsenals Limited.....	14,000,000 .50 cartridges.....	5,700,000	8,106
Canadian Arsenals Limited.....	808,240 40 mm cartridges.....	8,590,795	1,079,462
Canadian Arsenals Limited.....	21,000 empty 40 mm cartridges...	27,720	27,720
U.K. Government.....	68,776 40 mm cartridges.....	317,619	293,257
U.S. Government.....	19,300 37 mm shells.....	100,340	100,340
U.S. Government.....	18,144 57 mm cartridges.....	329,842*	
Canadian Arsenals Limited.....	24,000 75 mm shells.....	11,580	11,580
U.S. Government.....	31,300 75 mm shells.....	804,122*	
U.S. Government.....	15,924 75 mm cartridges.....	459,935*	
U.S. Government.....	9,000 76 mm shells.....	196,142	196,142
Canadian Arsenals Limited.....	30,000 76 mm shells.....	14,490	4,790
Canadian Arsenals Limited.....	Modification of 75 mm and 76 mm projectiles.....	133,910	107,630
U.K. Government.....	10,896 4" cartridges and fuzes.....	647,134	nil
U.K. Government.....	8,560 4" cartridges.....	244,314	151,965
U.K. Government.....	11,500 4.5" cartridges.....	622,328	nil
Canadian Arsenals Ltd.....	20,000 5.5" cartridges.....	138,888	138,888
Canadian Arsenals Ltd.....	2,500 5.5" shells.....	57,886	nil
E. Leonard & Sons Ltd.....	1,500 6" practice shot.....	69,844	nil
U.K. Government.....	5,856 3 pdr. cartridges.....	49,922	nil
Canadian Arsenals Ltd.....	12,000 17 pdr. cartridges.....	1,303,186	593,134
Canadian Arsenals Ltd.....	27,512 25 pdr. cartridges.....	166,169	62,687
U.S. Government.....	91,368 60 mm mortar shells.....	819,332*	
U.S. Government.....	93,925 81 mm mortar shells.....	1,728,761*	
U.S. Government.....	24,624 4.2" mortar shells.....	727,688*	
Canadian Arsenals Ltd.....	238,315 105 mm shells.....	18,745,656	1,822
U.S. Government.....	166,364 105 mm shells.....	5,025,345*	
U.S. Government.....	43,851 155 mm shells.....	2,437,853	
Canadian Arsenals Ltd.....	104,700 155 mm shells.....	12,542,347	nil
Canadian Arsenals Ltd.....	86,400 cartridges, 20,530 fuzes for 3"/50 shells.....	8,487,650	19,282
Canadian Arsenals Ltd.....	13,437 3"/50 cartridges.....	632,789	152,986
U.S. Government.....	20,450 3"/50 cartridges.....	1,383,440	1,383,440
U.S. Government.....	14,000 3"/50 cartridge tanks.....	50,225	50,225
Orders classified for security reasons		26,277,973	2,215,334
		103,039,505	6,875,508

\* See footnote on final page.

## 5.—ROCKETS

Major orders for rockets and components in the period April, 1950–November, 1951 amounted to \$14,379,311. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Aerojet Engineering Corp.....	5,000 aircraft rockets.....	195,585	195,585
Canadian Arsenals Limited.....	70,000 aircraft rockets 2·25".....	3,208,700	nil
U.S. Government.....	25,000 rockets 2·36".....	240,209	240,209
Canadian Arsenals Limited.....	209,759 rockets, H.E. 3·5".....	8,079,591	nil
U.S. Government.....	90,302 rockets H.E. and smoke 3·5".....	1,130,690*	
U.S. Government.....	400 rockets, 5".....	43,672	43,672
U.S. Government.....	Miscellaneous fuzes, rockets and components.....	1,402,864	1,402,864
Orders classified for security reasons		78,000	nil
		14,379,311	1,882,330

## 6. MISCELLANEOUS AMMUNITION AND RELATED PRODUCTS

Major orders placed for items in this category in the period April, 1950 to November, 1951 amounted to \$5,498,635. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Canadian Arsenals Limited.....	12,500 depth charges Mk 7*.....	1,701,21	nil
U.K. Government.....	3,600 "T" cutters (demolition equipment).....	123,200	31,289
U.K. Government.....	120,000 detonators, percussion and other minesweeping equipment.....	116,697	nil
U.K. Government.....	2,776 shells. H.E., 971 bombs, H.E., 10,410 rocket motors and other aircraft ammunition stores.....	455,987	nil
U.K. Government.....	1,818 anti-submarine projectiles and other ammunition stores.....	409,024	75,426
U.K. Government.....	Miscellaneous ammunition and related products.....	73,143	52,369
U.K. Government.....	510 mines, components and accessories.....	267,896	nil
Canadian Arsenals Limited.....	3,000 depth charges.....	433,410	164,460
Canadian Arsenals Limited.....	20,660 anti-submarine projectiles.....	1,205,552	nil
U.S. Government.....	200 depth charges.....	34,918	31,600
U.S. Government.....	3,000 smoke shells.....	39,079	39,079
U.S. Government.....	25,000 drift signals.....	115,500	115,500
U.S. Government.....	6,000 hand grenades.....	45,156	45,156
T. W. Hand Fireworks Co. Ltd.....	27,864 grenades.....	138,428	50,068
U.K. Government.....	5,100 pyrotechnic items.....	35,843	nil
U.K. Government.....	destruction and demolition equipment.....	40,000	nil
T.W. Hand Fireworks Co. Ltd.....	70,096 signal cartridges.....	74,950	nil
T. W. Hand Fireworks Co. Ltd.....	54,240 signal cartridges and other pyrotechnic equipment.....	160,552	nil
T. W. Hand Fireworks Co. Ltd.....	40,000 pyrotechnic cartridges.....	28,080	17,201
		5,498,635	622,148

\* See footnote on final page.

## 7. MISCELLANEOUS ORDNANCE AND ORDNANCE MATERIAL

Major orders placed for miscellaneous ordnance material in the period April, 1950 to November, 1951 was \$396,381. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.S. Government.....	57 portable flame-throwers and accessories.....	68,176	68,176
U.S. Government.....	50 linking machines.....	53,932	53,932
U.S. Government.....	12,332 bayonets with scabbard, 9,480 knives.....	129,704*	
U.S. Government.....	670 depth bombs Mk 54.....	144,569	144,569
		396,381	266,677

## 8.—AIRCRAFT

The main orders for the aircraft program, including repair, overhaul and modification in the period April, 1950 to November, 1951 amounted to \$788,585,635. Some of the main orders are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.K. Government.....	20 Dakota aircraft.....	840,000	nil
Babb Company.....	7 Dakota aircraft.....	664,125	131,250
Leeward Aeronautical Corp.....	2 Dakota aircraft.....	180,000	357,000
U.S. Government.....	48 Fairchild C-119c aircraft and 72 Pratt and Whitney 3350—30W engines.....	38,633,280	1,234,322
DeHavilland Aircraft Co. Ltd.....	2 Comet jet transports.....	3,500,000	841,687
Bristol Aeroplane Company of Canada.....	3 Bristol type 107 Mk 31 aircraft.....	714,750	488,412
Canadian Pratt and Whitney Aircraft Co.....	1 Sikorski S-55 helicopter.....	218,320	54,580
Bell Aircraft Corp.....	3 Bell helicopters.....	110,989	89,619
U.S. Government.....	6 Piasacki helicopters.....	2,436,000	nil
Canadian Car & Foundry Ltd.....	200 Harvard IV trainer aircraft.....	13,050,000	4,493,956
Canadian Car & Foundry Ltd.....	300 Harvard T6J trainer aircraft.....	22,800,000	nil
Canadian Pratt & Whitney Aircraft Co.....	1,000 R1340 aircraft engines.....	15,000,000	nil
Aircraft Industries of Canada Ltd.....	10 Harvard trainer airframes.....	220,000	208,080
U.S. Government.....	20 T-33A aircraft and 100 spare engines.....	4,874,976	4,874,976
Canadair Limited.....	576 T-33A aircraft.....	69,000,000	nil
Rolls Royce Limited.....	900 Nene engines.....	33,355,350	nil
U.S. Government.....	88 B-25 Mitchell dual pilot trainers and 12 B-25J Mitchell A1 trainers.....	14,049,300	12,984,246
Beech Aircraft Corp.....	100 Expeditor 3N aircraft.....	9,291,968	7,353,099
Beech Aircraft Corp.....	53 Expeditor 3NM and 47 Expeditor 3TM aircraft.....	7,985,940	2,992,912
Beech Aircraft Corp.....	80 Expeditor 3NM aircraft.....	5,763,511	572,920
DeHavilland of Canada.....	37 Chipmunk trainers.....	524,956	524,956
Orders classified for security reasons.....		545,372,261	119,802,542
		788,585,635	157,004,557

\* See footnote on final page.



## 9.—SHIPS

Major orders placed in the shipbuilding program in the period April, 1950 to November, 1951 amounted to about \$167,653,448. The list does not include the "pool orders" contracts as such placed by the Department, but the estimated value does include the value of such items as propulsion machinery ordered for all the escort vessels through one supplier. The main orders are listed as follows.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Burrard Drydock Co. Ltd.	3 anti-sub escort vessels.	24,000,000	1,357,888
Canadian Vickers Ltd.	3 anti-sub escort vessels.	24,000,000	2,159,250
Davie Shipbuilding & Repair Company Limited.	1 anti-sub escort vessel.	8,000,000	nil
Halifax Shipyards Ltd.	3 anti-sub escort vessels.	24,000,000	1,172,824
Marine Industries Ltd.	2 anti-sub escort vessels.	16,000,000	115,515
Victoria Machinery Depot.	1 anti-sub escort vessel.	8,000,000	49,429
Yarrows Limited.	1 anti-sub escort vessel.	8,000,000	nil
Canadian Shipbuilding & Engineering.	1 Minesweeper.	925,000	349,357
Canadian Vickers Ltd.	1 Minesweeper.	925,000	925,000
Geo. T. Davie & Sons Ltd.	1 minesweeper.	925,000	494,735
Davie Shipbuilding & Repair Company Ltd.	3 minesweepers.	2,775,000	2,065,441
Davie Shipbuilding & Repair Company Ltd.	Detail and working drawings for one minesweeper.	250,000	250,000
Marine Industries Ltd.	1 minesweeper.	925,000	562,967
Port Arthur Shipbuilding Co.	2 minesweepers.	1,850,000	1,010,600
Victoria Machinery Depot.	2 minesweepers.	1,850,000	1,175,152
Yarrows Limited.	1 minesweeper.	925,000	414,639
Marine Industries Ltd.	1 icebreaker.	12,750,000	6,237,009
Burrard Drydock Co. Ltd.	1 gate vessel.	500,000	466,062
Geo. T. Davie & Sons Ltd.	1 gate vessel.	500,000	432,630
Saint John Drydock Co. Ltd.	2 minesweepers.	1,850,000	900,435
Pictou Foundry & Machine Co. Ltd.	1 gate vessel.	500,000	284,492
Victoria Machinery Depot.	1 gate vessel.	500,000	420,496
Saint John Drydock Co. Ltd.	1 loop layer and tug.	2,400,000	nil
Geo. T. Davie & Sons Ltd.	1 loop layer.	700,000	nil
Pacific Drydock Co. Ltd.	1 lighter.	500,000	nil
Halifax Shipyards Ltd.	conversion and refitting of 1 minesweeper and 1 patrol ship.	537,948	44,418
Marine Industries Ltd.	Purchase of 16 frigates and 18 minesweepers.	1,982,500	202,018
Canadian Vickers Ltd.	conversion of 3 frigates and refitting.	2,439,000	469,895
Saint John Dry Dock Co. Ltd.	conversion of 3 frigates and refitting.	2,439,000	342,191
Canadian Vickers Ltd.	conversion and refitting of 1 minesweeper.	475,000	84,665
Davie Shipbuilding Co.	Repair & refitting of 1 minesweeper.	475,000	nil
Geo. T. Davie & Sons Ltd.	conversion and refitting of 2 minesweepers.	950,000	292,164
Geo. T. Davie & Sons Ltd.	conversion and refitting of 2 frigates.	1,626,000	40,725
Davie Shipbuilding & Repair Co. Ltd.	conversion and refitting of 2 frigates.	1,626,000	188,378
Halifax Shipyards Ltd.	conversion and refitting of 3 frigates.	2,439,000	250,136
Marine Industries Ltd.	conversion and refitting of 3 frigates and 3 minesweepers.	3,864,000	442,291
Montreal Drydocks Ltd.	conversion and refitting of 2 minesweepers.	950,000	164,610
Pictou Foundry & Machine Co. Ltd.	conversion and refitting of 2 minesweepers.	950,000	83,829
Saint John Drydock Co. Ltd.	conversion and refitting of 2 minesweepers.	950,000	111,545
Steel and Engine Products Ltd.	conversion and refitting of 2 minesweepers.	950,000	146,018
Lunenburg Foundry Co. Ltd.	Rehabilitation of 2 minesweepers.	500,000	88,228
Bruce Stewart Co. Ltd.	Conversion and refitting of 2 minesweepers.	950,000	63,284
		167,653,448	23,858,316

\* On these items payments totalling \$46,495,890 have been made to the United States Government against bulk orders. These payments cannot be completely allocated to specific items at the present time.

**APPENDIX O**

(By M. ADAMSON)

1. What expenditure has been made either directly by the Department of Defence Production or by contractors supplying defence material either in the raw state, as component parts or as finished articles, for Customs Duties paid bringing the material into Canada?
2. What has been paid for the same material in the form of Excise or Sales Taxes?

(Letter of December 13, 1951)





Canada. Defence Expenditure,  
Special Committee on, 1952

( HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

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SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

*Chairman: Mr. DAVID A. CROLL*

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

INCLUDING  
PROCEEDINGS OF THE 1951 COMMITTEE ON  
DEFENCE EXPENDITURE

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TUESDAY, APRIL 8, 1952

TUESDAY, APRIL 22, 1952

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WITNESSES:

Mr. M. W. Mackenzie, Deputy Minister, and Mr. K. O. Grant, Director of  
Mechanical Equipment Division, Department of Defence Production;  
Mr. C. M. Drury, Deputy Minister, Department of National Defence.

SPECIAL COMMITTEE  
ON  
DEFENCE EXPENDITURE

Chairman: Mr. David A. Croll

*Vice-Chairman:* Mr. Pierre Gauthier

and Messrs.

Adamson  
Applewhaite  
Benidickson  
Bennett  
Blanchette  
Campney  
Cavers  
Churchill  
Dickey  
Fulton  
George  
Harkness

Henderson  
James  
Jones  
Larson  
Lesage  
Macdonnell (*Greenwood*)  
Pearkes  
Power  
Stewart (*Winnipeg North*)  
Stick  
Thomas  
Weaver

CLERK: Antonio Plouffe

## ORDERS OF REFERENCE

HOUSE OF COMMONS,  
THURSDAY, April 3, 1952.

*Resolved*,—That a Select Committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the Committee shall consist of twenty-six Members to be designated by the House at a later date.

*Ordered*,—That the following Members comprise the Special Committee on Defence Expenditure as provided for in the Resolution passed this day:—Messrs. Adamson, Applewhaite, Benidickson, Bennett, Blanchette, Campney, Cavers, Churchill, Croll, Dickey, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, James, Jones, Larson, Lesage, Macdonnell, Pearkes, Power, Stewart (*Winnipeg North*), Stick, Thomas and Weaver.



## REPORTS TO THE HOUSE

TUESDAY, April 8, 1952.

*Ordered*,—That the said Committee be granted leave to sit while the House is sitting.

*Ordered*,—That the said Committee be granted leave to print from day to day 750 copies in English and 200 copies in French of its minutes of proceedings and evidence and such papers and records as may be ordered by the Committee to be printed, and that Standing Order 64 be suspended in relation thereto.

TUESDAY, April 22, 1952.

*Ordered*,—That the proceedings and evidence of the Special Committee on Defence Expenditure appointed last session, together with all papers and records laid before it, be referred to the said Committee.

*Attest.*

LEON J. RAYMOND,  
*Clerk of the House.*

TUESDAY, April 8, 1952.

The Special Committee on Defence Expenditure begs leave to present the following as its

### FIRST REPORT

Your Committee recommends that it be empowered

1. To sit while the House is sitting.
2. To print from day to day 750 copies in English and 200 copies in French of its minutes of proceedings and evidence and such papers and records as may be ordered by the Committee to be printed, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

DAVID A. CROLL,  
*Chairman.*

TUESDAY, April 22, 1952.

The Special Committee on Defence Expenditure begs leave to present the following as its

### SECOND REPORT

Your Committee recommends that the proceedings and evidence of the Special Committee on Defence Expenditure appointed last session together with all papers and records laid before it, be referred to the said Committee.

All of which is respectfully submitted.

DAVID A. CROLL,  
*Chairman.*

## MINUTES OF PROCEEDINGS

TUESDAY, April 8, 1952.

The Special Committee on Defence Expenditure held an executive meeting this day at 11 o'clock a.m.

*Members present:* Messrs. Applewhaite, Bennett, Blanchette, Cavers, Croll, Dickey, Gauthier (*Portneuf*), George, Harkness, James, Jones, Power, Stewart (*Winnipeg North*), Stick, Weaver. (15)

On motion of Mr. Cavers,

*Resolved*,—That Mr. Croll be elected Chairman.

Mr. Croll took the Chair, thanked the members and suggested that a Vice-Chairman be elected.

On motion of Mr. Applewhaite,

*Resolved*,—That Mr. Gauthier be elected Vice-Chairman.

On motion of Mr. Weaver,

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

On the question of printing, after discussion, it was decided to increase the number of copies in English to 750.

On motion of Mr. Bennett,

*Resolved*,—That the Committee ask permission to print 750 copies in English and 200 copies in French of its minutes of proceedings and evidence.

It was agreed to appoint a sub-committee on agenda of 9 members and to leave the solution of its membership to the Chairman.

The Chairman read the Orders of Reference.

It was decided to hold meetings on Tuesdays and Thursdays and, whenever possible, avoid conflict with other Committees.

Consideration of a motion of Mr. Stick to reduce the quorum was deferred.

At 11.20 a.m. the Committee adjourned to the call of the Chair.

TUESDAY, April 22, 1952

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Applewhaite, Benidickson, Blanchette, Campney, Croll, Dickey, Gauthier, (*Portneuf*), Harkness, Henderson, Jones, Lesage, Power, Stewart (*Winnipeg North*), Stick, Weaver. (15).

*In attendance:* Mr. M. W. Mackenzie, Deputy Minister, Mr. T. N. Beaupré, Assistant Deputy Minister, Mr. K. O. Grant, Director of Mechanical Equipment Division, and Miss R. E. Addison, Administrative Assistant, Department of Defence Production; Mr. C. M. Drury, Deputy Minister and Mr. W. R. Wright, acting Chief Secretary, Department of National Defence.

The Chairman read the First Report of the Sub-Committee on Agenda as follows:

Your Sub-Committee on Agenda held a meeting on Tuesday, April 8, which was attended by Messrs. Applewhaite, Dickey, Gauthier, Harkness, Stewart, under the chairmanship of Mr. Croll, Chairman.

Messrs. Macdonnell, Thomas, Campney, have also been appointed to the Sub-Committee. Mr. Blanchette substituted for Mr. Campney.

Your Sub-Committee recommends that the Committee begin its examination of defence expenditure and commitments therefor relating to first:

1. Mechanical equipment including transport.
2. Armament excluding aircraft and ships.
3. Armament—aircraft.
4. Armament—ships.

Your Sub-Committee also recommends that the House be asked to refer to the Committee the minutes of proceedings and evidence of the Special Committee on Defence Expenditure appointed last session.

Your Sub-Committee recommends further that returns requested to be tabled before the Committee cover expenditure up to January 31, 1952, or if possible a later date.

On motion of Mr. Dickey, the said report was adopted.

On motion of Mr. Campney,

*Resolved*,— That a report be made to the House recommending that the proceedings and evidence of the Special Committee on Defence Expenditure appointed last session, together with all papers and records laid before it, be referred to this Committee.

*Ordered*,— That the above proceedings be reprinted and appended to this day's evidence. (*See reprint to this day's proceedings*).

The Chairman tabled the following returns:

1. Canadian Defence Orders (April 1950—January 1952). A statement on orders for selected items of operational equipment placed by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence in the period April 1, 1950 to January 31, 1952.
2. Advertising expenditures by service and month (fiscal year 1950-1951) for the three Services.
3. Table of monthly pay and allowances for the three Services effective December 1, 1951—(Revision of Appendix (D) printed on page 102 of the 1951 Committee proceedings).
4. NATO Mutual Aid Program to January 31, 1952—(Revision Appendix (E) printed on page 104 of the 1951 Committee proceedings).
5. Cumulative statement of expenditures, forecasts and actual 1951-1952—(Revision of Appendix (G) printed on pages 108 to 113 of the 1951 Committee proceedings).
6. Analysis of requests for contracts by Procurement Agency to January 31, 1952—(Revision of Appendix (H) printed on pages 114 and 115 of the 1951 Committee proceedings.)



7. Summary of expenditures to January 31, 1952 (Departmental administration, three Services and Defence Research Board)—(Revision of Appendix (I) printed on pages 118 to 131 of the 1951 Committee proceedings).

8. Cost of training, equipping and maintaining the 25th Canadian Infantry Brigade to January 31, 1952—(Revision of Appendix (J) printed on pages 132 and 133 of the 1951 Committee proceedings).

9. Estimated cost of Korean airlift to January 31, 1952—(Revision of Appendix (J) printed on page 134 of the 1951 Committee proceedings).

10. Cost of Navy's contribution to Korean operations to January 31, 1952—(Revision of Appendix (J) printed on page 135 of the 1951 Committee proceedings).

11. Cost of training, equipping and maintaining the 27th Canadian Infantry Brigade to January 31, 1952—(Revision of Appendix (J) printed on page 136 of the 1951 Committee proceedings).

12. Barracks and messes contracted for by armed forces showing numbers and type and total and per capita cost to January 31, 1952—(Revision of Appendix (L) printed on pages 156 to 161 of the 1951 Committee proceedings).

13. Purchase of land and buildings from April 1, 1950 to January 31, 1952, leases of land and buildings in force as at January 31, 1952, and land and buildings leased since April 1, 1950 but terminated prior to January 31, 1952.—(Revision of Appendix (M) printed on pages 162 to 177 of the 1951 Committee proceedings).

Copies of the above returns were distributed forthwith.

On motion of Mr. Blanchette,

*Resolved*,—That the above returns numbered 2 to 13 inclusively be printed as appendices. (*See appendices 2 to 13 in today's minutes of proceedings and evidence*).

After discussion on procedure, it was agreed to adhere to the order of business recommended by the Sub-Committee on Agenda.

Messrs. Mackenzie, Drury and Grant were called and jointly examined on Return number 1, tabled by the Chairman, namely, Canadian Defence Orders.

The witnesses undertook to table at a subsequent meeting answers to questions asked in the course of the meeting.

With a view to affording the Members of the Committee more time to peruse the information tabled, it was agreed to adjourn.

At 12.30 o'clock a.m., the Committee adjourned until Thursday, April 24, at 11.00 o'clock, a.m.

ANTONIO PLOUFFE  
*Clerk of the Committee.*



## EVIDENCE

APRIL 22, 1952.  
11 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. I have already read the reference at our opening meeting. After the organization meeting, we held a meeting of the steering committee, I now have the first report of the steering committee. It reads as follows:

*(see minutes of proceedings)*

Mr. DICKEY: Mr. Chairman, I move the adoption of the report.

The CHAIRMAN: It has been moved that the report be adopted.

Adopted.

*(For 1951 Committee proceedings, see reprint appended to this day's evidence.)*

I also require a resolution that a report be made to the House recommending that the minutes of proceedings and evidence of the special committee on defence expenditure appointed last session, together with all books, papers and records laid before it be referred to this committee.

Mr. CAMPNEY: I so move.

The CHAIRMAN: It has been moved, does the motion carry?

Carried.

At the last committee meeting some questions were asked, I am now tabling the documents which contain replies to those questions.

Mr. HARKNESS: These were questions asked at the last session?

The CHAIRMAN: Yes; now that the proceedings have been referred to us, I will table the answer to the questions.

*(For identification of returns see to-day's minutes of proceedings.)*

Now, I would like you to refer to the first return: "Canadian defence orders", at page 36. I know you have many documents before you but I suggest that you turn to page 36 in the Canadian Defence Orders. The other documents will be printed in the record, in the meantime you will have an opportunity to look at them at your convenience.

Will someone move that the documents which the chairman tabled this morning be printed in the record?

Mr. BLANCHETTE: I so move, Mr. Chairman.

The CHAIRMAN: It has been moved that the documents which the chairman tabled this morning, with the exception of the book entitled "Canadian defence orders", be printed as appendices. Does the motion carry?

Carried.

*(See appendices Nos. 2 to 13 inclusive in to-day's evidence.)*

We have with us Mr. M. W. Mackenzie, deputy minister, Department of Defence Production, he will now give you a short summary of the first matter we have before us, mechanical equipment; that will include ordnance, armed fighting vehicles, and tanks.



Mr. STICK: Mr. Chairman, we are getting a mass of documents before us with which we are rather bewildered. So may I suggest that when we meet, an agenda be drawn up so that we may discuss the matters on the agenda and those matters only. Then every member present will know what we are going to discuss at that meeting. We have got to go through all these documents and figure things out; but if we could have an agenda before we met we would be better prepared.

The CHAIRMAN: Mr. Stick, it was not possible to convey the first report of the Agenda Committee to the whole committee ahead of time, but we are going to do exactly as you suggest. The first report of the agenda committee was that the first matter for discussion would be mechanical equipment, including transports.

Mr. Mackenzie will give you enough background this morning so that you will be able to follow the tables. We do intend to adhere to this agenda. If you will look at the second item, armaments, excluding aircraft and ships, you will find that it commences at page 11, then you will find that the third item, armaments, aircraft, commences, at page 7; and armament, ships, commences on page 3.

Subsequently the agenda committee will have some requests from members and it will decide what else we will deal with at a later time.

Mr. STICK: Yes, Mr. Chairman, when we come here at future meetings we will know what we are going to discuss.

The CHAIRMAN: Exactly. Very well, Mr. Mackenzie.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production, called:**

The WITNESS: Gentlemen, the orders that are listed here, and that come under the general heading of mechanical transport, cover ten pages, from page 36 through to page 45.

Mr. Grant, director of the Mechanical Transport Division, is here, and he will be prepared to answer any questions you may wish to put to him. But before starting a detailed examination, I thought we might begin with just a brief review of the major items.

Listed under this heading are ten pages of detailed contracts, but there are three or four major ones. Mr. Drury is here today and he will be able to fill in anything from the operational point of view, the purposes for which the vehicles are used and other technical questions which I cannot answer.

As I have said, there are three basic types of vehicles in the Canadian program, the quarter ton jeep, the three-quarter ton 4 x 4 vehicle, and the two and one half ton vehicle. This program illustrates one of the common problems we have in defence production. Here we are faced with a requirement of something of the order of 2,000 units of each type; and when considering production of vehicles, you have got to think in terms of a hundred or two hundred or three hundred a day to get the economy which goes with mass production. But here our total requirement is in the order of 2,000 units.

The first step, of course, was to agree on what were to be the standard type of vehicles that we should consider; after discussion with the services, it was agreed that these three types which I have mentioned would be the ones with which we should concern ourselves.

The next question was: how should we go about getting them? A decision having been made to standardize on the American type, it would presumably have been possible to acquire them from the United States; but it was obvious that, where possible, Canadian productive capacity should be used. So steps were taken to determine what it would cost to get into production on these three vehicles in Canada.

This program is a good illustration of one of the questions asked at the last meeting of the committee when some members inquired about comparative costs. That is a very difficult question to answer categorically—to get the real comparative costs as between articles of this nature manufactured in Canada and those which are imported.

First of all, to comparative costs mean little unless you can be sure that supply will be available when it is wanted; there is no purpose in relying on imports unless you are going to get deliveries as and when you want them. But you do not know what the conditions are going to be when you need deliveries, or when a large volume may be required. Then you seldom know what the individual cost of the unit is going to be because you do not know how many units you are going to produce and you do not know over how many you can write off or amortize the initial capital investment that has to be made to arrange for production.

*By Mr. Stick:*

Q. When you place an order, do you not know how many units you are going to order before you place the order?—A. Yes; but in the case about which I am speaking, we know that we only require at the present time 2,000 units and you do not get into a production program and provide the necessary capital facilities for only 2,000 units; it would be completely uneconomic to do that; what you do not know is over the long run how many you are going to make, therefore, you do not know exactly how much of your capital cost is to be allocated to the individual unit. But what we did to start with was to examine the capital expenditure that would have to be made in order to produce these three types of vehicles in Canada; and we came up with some very striking figures. I have forgotten the exact figures as they were not finally completed; but they were big enough to satisfy us that it was not a sensible thing to do, to contemplate the complete manufacture of these vehicles in Canada.

One of the contributing factors was that there was no prospect of being able to manufacture these vehicles in Canada for sale to anybody else. The United States capacity is quite ample to look after their own requirements, and there was no possibility of their requiring vehicles from us. So we were faced with the situation that to go into a complete manufacture, we would have to make an investment of many millions of dollars in capital facilities. The decision was made that to do this would not be a sensible approach.

The next best step was taken, which was a decision to assemble the vehicles in Canada and gradually to increase the Canadian content. At the moment, these three vehicles are being assembled in Canada largely from parts imported from the United States; but it has provided this advantage: that it gives the plants concerned considerable knowledge and familiarization with the plans and specifications, which probably would save anywhere from a year to eighteen months if, in fact, it was necessary at some stage to get into full scale production of these vehicles.

So now we have three basic vehicles in production in the three big plants, which are: Ford, General Motors, and Chrysler. There is one type of vehicle in production at each of these three plants. The requirement is, I think, for 2,000 of the one-quarter ton jeep; about 2,000 of the 2½ ton trucks; and about 1,000 of the three-quarter 4 x 4 ton trucks. Those are the big basic contracts that are in this program.

There are, as you will see, ten pages of detailed orders covering the supply of different types of civilian vehicles and so on.

Now, because we are importing many parts, and because we have made no capital expenditures of any consequence, (I think the total expenditure



in these three plants is less than \$1 million altogether, which is relatively small) we are producing these vehicles at a cost that is very close to the United States' cost; it is within a matter of a few per cent of the cost of the American production. Of course, it must be remembered that it is very largely American parts that are being brought in here and assembled; but as time goes on, it is hoped that more and more of these parts can be produced in Canada.

Q. You say that the vehicles are American type vehicles?—A. American type vehicles, yes, sir. I do not know, Mr. Chairman, if that is sufficient in the way of background, to give you with respect to this program.

*By Mr. Henderson:*

Q. Mr. Mackenzie, suppose it happened that we needed a lot more vehicles. We have set the structure of our vehicles along those three lines which you have placed before us. Suppose we needed many more vehicles in a time of emergency. Have we got any arrangement made through the State Department whereby we can get those vehicles and build up our standardization of vehicles?—A. Well, there is no way of pinning a matter like that down categorically other than placing a firm order, and we have not got a firm order to place; but the whole program has been entered into without the knowledge of the United States, and I think one would have confidence that if such an emergency arose, ways would be found for extending the production of some parts of the vehicles here and some parts in the United States, and so on.

*By Mr. Applewhaite:*

Q. But so far as your department is concerned, has your motor vehicle program had any effect on the economy of the automobile manufacturing industry in Canada, either favourable or unfavourable?—A. When you say "any effect", of course it has had some; but if you relate the total volume of this program to the total volume of production in the automobile industry, you will see that it is a very small percentage, and consequently the effect of this business would be accordingly small.

Q. Would it be fair to say that it is almost negligible, or would it not?—A. Perhaps that is going a little far; it runs into quite a few million dollars, which, however, is but a very small proportion of the volume of business going through the automobile plants.

*By Mr. Stewart:*

Q. You mentioned three automobile plants. Would it be economically feasible to use other assembly points throughout Canada?—A. Not for this type of operation because it is essentially just an assembly job and you only do assemblies in one place. The selection of these plants was comparatively simple because the three-quarter ton truck is being made in the United States by the Chrysler Corporation and so it was perfectly logical to place that program with their associated company in Canada. On the other hand, the 2½ ton truck is a General Motors job, and it is being done by General Motors in Canada; and the quarter ton jeep is being done by the Willys Overland people in the United States, but it is being made by the Ford Company here.

*By Mr. Harkness:*

Q. May I ask if these orders have already been filled, or over what period of time are deliveries to be made?—A. Deliveries have been proceeding, in accordance with the contracts as placed, quite satisfactorily.



Q. What is the period over which these two thousand trucks of each category are to be delivered?—A. That raises the question of deliveries, Mr. Chairman; I think they are being delivered at or about the rate of five or ten a day, or something in that order. This is one of the reasons it was not possible to get into a real production program. The motor car people do not think in terms of the production of five or ten a day; but this is the rate at which they are being delivered.

Q. Have these all been delivered after having been assembled rather rapidly on an assembly line process, or is the thing going to be spread out over a long period?—A. That would depend on whether or not we receive more requests from the Department of National Defence.

Q. I mean the 2,000 of each type, the quarter ton jeep, the three-quarter ton 4 x 4, and the 2½ ton vehicle?—A. I do not think there would be any particular purpose in reducing the number of units produced per day below five or ten. It would not do the companies any good to make less than ten a day.

Q. I would not think that it was enough?—A. That is the reason it is an assembly arrangement and not a production job, because there are only between 5 and 10 a day being produced.

Mr. APPLEWHAITE: Instead of 10 or 50 a day in each of the groups?

The WITNESS: Yes.

Mr. STICK: Does that meet the requirements for the various services at the moment?

The WITNESS: We are meeting the requirements of the defence services, yes.

Mr. WEAVER: Have you discussed the possibility with the Department of National Defence as to what their future requirements might be?

The WITNESS: As closely as we can get it; I think our relations are very satisfactory; there are imponderables in all these questions, and despite the closest contact with the Department of National Defence, some answers are just not known to anybody.

*By Mr. Harkness:*

Q. Are these trucks comparable to any known commercial types?—A. No sir.

Q. Surely there are a large number of types manufactured for commercial use; would not the jeep which you get be very close to them?—A. I shall have to ask Mr. Grant to give you the detailed differences, if you want the detailed differences; but it is my clear understanding that they are very different from any civilian type of vehicle in many respects.

Mr. DICKEY: And it is not only in comfort that they are so different.

The CHAIRMAN: Mr. K. O. Grant is the director of the Mechanical Transport Division of the Department of Defence Production.

Mr. HARKNESS: Mr. Grant, my point was that if these trucks were fairly close to the civilian type of vehicles, then the cost of securing them would be very much less than if they were special jobs; and I wondered if they bear very much relationship to the commercial vehicles which are being produced?

Mr. GRANT: These are special technical vehicles; they are designed to operate under special conditions such as when you are fording streams; they have special electrical systems; they are much heavier; they are more powerful; as a matter of fact, if you compared the models which are designed now with the commercial type, you would find that the military type was away beyond the requirements of the civilian types.

Mr. STEWART: What would be the cost of the commercial type as compared with the cost of the type you are buying, just roughly?

Mr. GRANT: It would be 20 per cent less for the commercial type; we have ordered some and I can say it is 20 per cent less for the commercial type. This is a special pattern of military vehicle. As a matter of fact, they do not like to refer to it as a jeep. It is a quarter ton utility truck, and it is designed for entirely different purposes.

Mr. HARKNESS: What are the differences particularly between the vehicle you mention and the jeep which we used in the last war, and which was very satisfactory?

Mr. GRANT: This model we are producing in Canada now is basically the same unit we used in World War II, but there is quite a difference between that unit and your commercial model.

The CHAIRMAN: Would you mind enumerating the differences, Mr. Grant?

Mr. GRANT: I would have to go over the specifications; they have a 12 volt system for carrying several items of equipment; the batteries, the tires, the frames, the transmissions, the axles are different; the best comparison would be to take the General Motors truck and try to compare it with the commercial model. You will find that the General Motors truck has a special automatic transmission which is not in your commercial model; and it has a much heavier and more powerful engine; and it is different all the way through. But the seating capacity is comparable.

Mr. HARKNESS: What about the 2½ ton and the three-quarter ton 4 x 4 trucks; are they both four wheel trucks?

Mr. GRANT: The three-quarter ton truck is a 4 x 4; and the 2½ ton vehicle is 6 x 6.

Mr. HARKNESS: I should think that the requirements at the present time could be met adequately by commercial trucks, and I would think that a large proportion of the trucks and vehicles generally in use by the services at the present time are ordinary commercial vehicles. But are these special vehicles designed primarily for very difficult cross-country performances?

The WITNESS: We in Defence Production can only deal with the orders that we have before us.

*By Mr. Harkness:*

Q. But if you got all the vehicles required by the services of the special types, actually they are not required for more than the particular uses they are put to as far as we are concerned in Canada at the present time; that is to say, it may be that these special vehicles would be required for certain training purposes and if we should go to war, in which case there is no question that we would need a fair proportion for that purpose; but is there not a great waste of money and materials in using these trucks for ordinary work?—A. There are ten pages of orders for a great variety of vehicles that are clearly of a commercial type. The services are buying very substantial quantities of vehicles of a commercial type.

Q. We would have to get from Brigadier Drury perhaps a statement concerning the ordinary commercial vehicles in use as compared with to these purely military vehicles.

Mr. STEWART: These trucks are intended to put our forces in a state of appropriate combat readiness, if war were to break out, in which case these trucks would be needed as of now.

Mr. DRURY: That is correct. The vehicles to which Mr. Mackenzie has referred are those for the field forces, and it is our aim in so far as possible, to purchase for normal administrative peace time use in Canada, automobiles



of commercial design instead of having special military characteristics which are purchased for training and for use by the field forces, but not for administrative use in Canada.

*By Mr. Benidickson:*

Q. Do you buy such things by direct negotiation with the American manufacturer, or do you use your opposite member in the procurement field in the United States?—A. That depends on the nature of the equipment being purchased. There are occasions when we would buy directly from the American manufacturer and make direct contracts. There are other occasions, however, when by reason of the degree of secrecy involved, or the ownership of the design or patent, we would deal with the American government. There is no standard pattern running through it.

Q. Would vehicles of this kind, which are assembled in Canada, bear a fixed price per unit based on cost plus, or what?—A. It is a cost plus arrangement.

The CHAIRMAN: With what corporations?

The WITNESS: The 2½ ton vehicle, with General Motors (Canada); the three-quarter ton 4 x 4 vehicle, with the Chrysler Corporation in Canada; and the one-quarter ton jeep, with the Ford of Canada.

Mr. STICK: These contracts are subject to review, are they not?

The WITNESS: Every contract entered into since the 1st of April 1951 is subject to re-negotiation. That is a statutory provision.

*By Mr. Henderson:*

Q. Referring to item 416 on page 36.—A. Yes.

Q. "Truck, ¼ ton, 4 x 4, army; 18 January 1951; unit one; \$19,230."

What kind of vehicle would that be? Unless there is a typographical error?—A. I think that entry for one truck covers a quarter ton 4 x 4; a three-quarter ton 4 x 4; and a 2½ ton 6 x 6.

*By Mr. Jones:*

Q. You mentioned "cost plus"; could you tell us what the plus is to the different companies, what the profit is?—A. You are speaking of these three trucks?

Q. Yes. You mentioned "cost plus". Without going into the costs, could you tell us what the extra amount is which is given to the company?—A. Yes; the contract is for cost plus 7½ per cent.

Q. Cost plus means the cost plus 7½ per cent?—A. Yes; and as I explained earlier, that 7½ per cent is not net to the company, because there are a few expenses that the company is put to which we do not recognize as elements of cost; so what the company nets out of it is something less than 7½ per cent. I tried to explain it very fully at one of the earlier meetings, that in order to avoid authorizing companies expenditure for advertising expenses and selling expenses, interest and so on, those items are disallowed as elements of costs and must be provided for out of the element of profit that we allow.

*By Mr. Stick:*

Q. Do they submit their costs to you? Do you enter into an agreement with them for 7½ per cent above cost?—A. Yes.

Q. But do you check that cost?—A. Costs are audited by the Cost Inspection and Audit division of the Department of Finance. On all contracts of this nature, and on all contracts where profits are subject to some formula.

Q. You do go down and inspect their costs?—A. The auditors investigate all the contracts we make on that basis.



*By Mr. Harkness:*

Q. Referring to items 418 and 419, "trucks, one-quarter ton, 4 x 4 utility, number of units 260, \$1,432,273, supplier, the United States government; and item 419, Ford Motor Company of Canada Limited, Windsor, Ontario, trucks, one-quarter ton, 4 x 4, utility, number of units 300; \$900,000". Why is there that difference of more than \$500,000 for a larger number of trucks?—A. Probably it involves the question of spares. You will notice that while there are contracts here for 300 trucks, a little lower down you will see another contract number 421, spare parts for trucks, one-quarter ton, 4 x 4, \$225,000; and another one for \$400,000; the difficulty is that the contracts are not the same. Buying from the United States government probably it would be the case that you would buy a vehicle with a complete set of spares; whereas in Canadian contracts, the spares might end up as individual contracts. However, I can say this as to comparative costs, that we are now paying for vehicles purchased in Canada, that is assembled in Canada, about what they would cost if we bought them in the United States. It is only a matter of a few per cent of premium that we pay for the Canadian manufactured vehicle. Is that not right, Mr. Grant?

Mr. GRANT: Yes.

Mr. HARKNESS: Is it not possible to take these various vehicles and compare them as we did in number 418 and 419?

The WITNESS: It is very difficult without the full details, of the individual contracts, to get a fair comparison, because you must be sure that you are comparing like with like; but in the case of these vehicles, it is one case where we can make this statement—that the prices we are paying in Canada are within a matter of 3 per cent of the American price, that is, exclusive of taxes.

Mr. BENEDICKSON: Are your purchases of motor vehicles and parts in the United States subject to the remission of sales tax and tariffs?

The WITNESS: No sir. We pay sales taxes and duties on all our purchases.

Mr. HARKNESS: The effect of that then, as far as defence expenditures are concerned is that they appear greater than they are actually, so far as the cost to the taxpayer is concerned?

The WITNESS: Well, there is a real argument which one can enter into on the question of whether or not government purchases should be subject to excise taxes and import duties. But the facts are that our purchases are all subject to them and are therefore on the same basis as other purchases made in Canada.

Mr. STICK: It all boils down to this: that one government department is paying taxes to another government department; you are paying sales taxes to the Finance Department or to the Internal Revenue Department.

The WITNESS: That is right.

Mr. STICK: Is there any way to find out the exact amount?

The WITNESS: Well, Mr. Adamson asked this question and we have made an estimate, which has been included as an answer in a document which was tabled this morning.

Mr. STICK: I have not examined it yet.

Mr. BENEDICKSON: My question concerning tariffs particularly was prompted by your comparison of the costs of purchase in Canada as compared with the United States. I wonder whether or not you care to say anything more as to the relationship of tariffs with respect to the items of cost in that comparison?

The WITNESS: The figures I had given were exclusive of taxes.

Mr. BENEDICKSON: I see.

The WITNESS: The comparison I made was exclusive of taxes.

MR. APPLEWHAITE: I do not know if this is of very great importance because the money goes to the government anyhow; but how does the money which you pay in taxes appear on the charts of the costs of the completed vehicle?

THE WITNESS: I am afraid we are getting over my depth now. I do not know if Mr. Grant can answer you.

MR. GRANT: It depends on the type of parts. Some parts come into Canada duty free, while on others we are obliged to pay the duty. We would have to know the particular item in question.

*By Mr. Applewhaite:*

Q. Assuming that their taxes are at cost to you, then from a tax point of view is it cheaper to assemble in Canada your American parts than to buy a complete American vehicle?—A. I would like to answer you, Mr. Applewhaite, by saying that the procedure we are now following results in an expenditure of about 3 per cent more than if we brought them in from the United States disregarding taxes. If we do bring them in from the United States and pay the taxes, and if you take that into account, then the Canadian cost would be—I am sorry I have not got it here—it would be pretty hard to be specific about this because we do not know the exact implication of the American taxes in the vehicles which we buy. But we do know this: that when we import anything from the United States, we do in fact pay taxes on it.

Q. Let us take the particular item number 418; you bought certain trucks under item 418 from the United States. I take it those were completed vehicles?—A. That is right.

Q. All I was trying to find out was, from a cost point of view to your department, when it includes that, whether these vehicles would have been cheaper to your department if you had brought in parts and assembled the same vehicles here in Canada?—A. I would suspect that the tax implications would be about the same. But that is a case concerning which I could not be specific, because it does depend on the way the taxes apply. Some parts are taxable, while some parts are tax free. It would depend on which particular parts were being made in Canada and which ones were being imported. But I would suspect that it would involve something in the order of three to four per cent. That is probably as good an estimate as you can get of the premium, either before or after taxes, of the production we are carrying on here.

*By Mr. Campney:*

Q. If the vehicles were imported complete, would you not be paying duty on the labour which was expended on the construction of the vehicles in the United States?—A. That is right.

Q. Therefore it would be greater on the completed vehicle than on the parts?—A. I am not expert enough as to the application or the way in which these taxes work out; but I would think that is probably true.

MR. APPLEWHAITE: The net cost affect to the country does not make any difference because you are paying the taxes back to the Dominion of Canada.

THE WITNESS: That is right.

MR. STEWART: I noticed that all military vehicles which have been ordered or purchased are of United States type, with very few exceptions. One exception is buses, all Canadian type, and the other is tanks. Is it deliberate policy to buy British tanks or was there a demand made to buy United States tanks?

THE CHAIRMAN: Would you mind relating your question to a particular number, Mr. Stewart?

MR. STEWART: 402, United Kingdom government supplier; tanks, Centurion, heavy.

THE WITNESS: Yes.

MR. STEWART: With all the other equipment purchased from the United States being of United States type, why was this type purchased here, why were British tanks purchased instead of American tanks?

MR. DRURY: The selection of the British type of tank involved would have had to be made because if, for no other reason, there were no United States tanks available or likely to become available to us for some time. The tank replacements for the Shermann were required for our forces in Europe, yet the British type of Centurion was the only satisfactory model of tank which was available.

MR. STEWART: Was an attempt made to purchase American tanks?

MR. DRURY: We explored the possibility.

MR. STEWART: How would they compare with the Centurions?

MR. DRURY: You mean a comparison in price?

MR. STEWART: No, I mean a comparison with use in the field?

MR. DRURY: Let me put it this way: the Centurion tank is entirely satisfactory to the army. Is it the intention to arm the Canadian Brigade with Centurion tanks?

MR. DRURY: It now is.

*By Mr. Stewart:*

Q. I cannot quite reconcile in my own mind these price differences. There are 50 Centurions ordered at approximately \$88,000 each—it seems rather cheap for them, whereas there is 1 medium type U.S. tank at \$148,000. Is there a reason? The total contract for Centurions is \$4,411,000—that is item 402—which works out at \$88,000 each.—A. Once again it is a question of comparing like with like. It is a fact that Centurion tanks can be acquired at much lower prices than the going price in the United States.

Q. Well, the medium U.S. tank is \$148,000 and the Centurion is \$88,000. There is a big spread. I am just wondering if the \$4,411,000 is the full price?—A. You cannot draw that conclusion satisfactorily from these figures, because you do not know from the figure how much is for spares or whether radio is included, and so on. I know that the Centurion tank fully equipped is very substantially cheaper than the American type.

MR. DRURY: If it were available.

THE WITNESS: If it were available.

MR. HARKNESS: What was that?

MR. DRURY: If it were available.

MR. STEWART: Does that disparity in price run through other equipment? Let us consider the 5,000 trucks. If you could have had a supply of British trucks would there have been as great a disparity there as there is in the tanks?

THE WITNESS: I have not got comparable figures for the possibility of British vehicles. I have no figures at all.

MR. GRANT: I think Mr. MacKenzie started to answer that there were no comparisons made between British trucks and U.S. military pattern trucks. The requisitions were handed to us on the basis: Here is what the Department of National Defence requires. It is U.S. pattern trucks—and that is what we went out and proceeded to buy. The comparable British truck has never been explored to my knowledge.

MR. STEWART: Did not the same thing apply at first to tanks—you wanted U.S. tanks but you changed your mind for very good reasons?

MR. GRANT: Availability was one of them.

MR. STEWART: Was any attempt made to explore the British market—whether they were willing to supply trucks of the same type as the U.S.?

MR. GRANT: Not to my knowledge.



Mr. STEWART: I am not quite satisfied yet as to the tremendous disparity in prices. I wonder if Mr. Drury could tell us the weight of this U.S. medium tank?

Mr. DRURY: I am not too sure of this, but approximately 55 tons.

Mr. STEWART: What is the Centurion?

Mr. DRURY: I think it is about 50 tons.

Mr. STEWART: So "medium" U.S., does not mean the same as "heavy" British?

Mr. DRURY: It does not.

Mr. STEWART: They are both about the same weight?

Mr. DRURY: Yes.

Mr. APPLEWHAITE: Are you finished?

Mr. STEWART: I am still wondering about the tremendous disparity—\$60,000 per tank.

Mr. DRURY: The American tank is planned to be a very much more complex article than the Centurion. Tank designers in the United States have hopes of incorporating in their tanks a number of features which are not in the Centurion.

Mr. STEWART: I have no doubt that you have heard of a discussion which took place recently in the House amongst some of us, to the effect that as many orders as possible should be placed in Europe where they are much in need of dollars. I was wondering if it would not have been possible to do the same for trucks as was done for tanks—in other words we could to some extent implement Article II of NATO—by buying as much as possible from countries in Europe who are our allies—helping them and ourselves.

Mr. DRURY: As Mr. MacKenzie pointed out in connection to the vehicles one of the main reasons for undertaking the production of military pattern motor vehicles in Canada is the need of assuring a source of supply of our own in the event of an emergency. There may be some question as to the certainty of a definite supply from the United Kingdom should war break out.

Mr. STEWART: The same would apply to tanks?

Mr. DRURY: Yes, but we come back to the problem of availability. In the case of tanks, whatever may have been the desiderata the only tanks we could get were Centurions. There is the hypothetical question possibly as to what would have been done if both had been available but they were not.

Mr. STEWART: Do you believe you could get the same benefit from the Centurion as you would get from the U.S. medium?

Mr. DRURY: We do.

Mr. STEWART: Apart from availability it would be worthwhile ordering in the United Kingdom as there is the \$60,000?

Mr. DRURY: I beg your pardon?

Mr. STEWART: Apart from the availability, do you think it would be worth ordering from the United Kingdom—with the price difference of \$60,000?

Mr. DRURY: Certainly the price range difference is attractive, but should something happen we might be at a loss for a further supply of tanks.

Mr. STEWART: Has consideration been given to the supply in Canada of parts for the Centurion?

Mr. DRURY: Consideration by—

Mr. STEWART: By the government or by the people who manufacture them?

Mr. DRURY: I do not know that the United Kingdom government has considered that very seriously. It is a question that Mr. MacKenzie might speak on.

The WITNESS: Experience in the last war has demonstrated that we would be better advised to build things other than tanks in this country if we can.

Mr. STEWART: But I am considering at the moment that if the worst comes to the worst the United Kingdom would be merely an outpost for North American. Its factories would be in constant jeopardy and therefore we would need supplies and spares for tanks in the field. I was wondering if any insurance has been taken out in the way of considering whether we should supply those spares in Canada.

The WITNESS: No facilities have been established and there has been no plan up to the moment to produce any major parts.

Mr. HARKNESS: The only tanks I see here are these 50 Centurions, 9 American light tanks and 1 American medium tank. I take it then those are all the tanks that have been ordered?

The WITNESS: This list has to have a cut-off date somewhere and it is as of January, 1952.

Mr. HARKNESS: Have any other tanks been ordered subsequent to this?

Mr. GRANT: Yes. There are other types on order at the present time, but the only contract which has actually been negotiated and against which shipment is coming is for the first 50. There are quantities beyond that which we are negotiating for with the United Kingdom.

Mr. HARKNESS: For Centurions tanks?

Mr. GRANT: Yes, sir. More American tanks have already been delivered to the forces via United States supplies, and we have bought two or three different types during the past year.

Mr. HARKNESS: How is it they do not appear.

Mr. GRANT: This list, as Mr. MacKenzie explained, was taken off as at January 1st. Contracts may not have been negotiated at that time but have been subsequently.

Mr. HARKNESS: Would it be very difficult for you to give us what those other contracts are?

The WITNESS: It is never difficult in connection with one item but when you take a whole list like this you have to have some cut-off date. I thought it was going to be agreed that we would stick as far as possible to a set period, otherwise you go on and on and never come to an end because the committee is continuing.

The CHAIRMAN: Mr. Harkness, you have asked a question as to whether they are negotiating for further tanks or acquiring them. The answer has been that we are negotiating for further tanks. Suppose you leave the matter and at some future date after the negotiations have been completed they can make a return to us.

Mr. HARKNESS: In addition to these negotiations there have been other American tanks I understood, from the answers given, and I merely wanted to know what the costs were.

The CHAIRMAN: Of the tanks secured since January?

Mr. HARKNESS: Yes.

The WITNESS: We will have to get that.

Mr. APPLEWHAITE: I have a couple of questions but they do not deal with tanks.

The CHAIRMAN: We are not restricted to tanks.

Mr. APPLEWHAITE: I refer to items 463, 464, and 465. Apparently we got five semi-trailers for the army and five for the air force. I wonder if one of the officials could tell us what those are being used for, and whether this is the start of a program to supply our own construction equipment—or just what is the story behind these?

Mr. DRURY: I must confess that I do not know the precise purpose of these, but 25, 30, and 50 ton transporters are those items used for hauling heavy machinery—particularly tracked machinery such as tractors, tracked cranes and tracked shovels. Each of the three services possess a number.

Mr. APPLEWHAITE: These are pieces of transporting equipment, and not construction equipment?

Mr. DRURY: They are transporting equipment, that is correct.

Mr. APPLEWHAITE: They are not used for building highways or airports?

Mr. DRURY: They may be used to transport construction machinery.

Mr. APPLEWHAITE: Gravel and that sort of thing.

The CHAIRMAN: They are not tank transporters?

Mr. DRURY: No.

Mr. DICKEY: I wonder if Mr. Grant could tell us whether they are all Canadian or just what the position is?

Mr. GRANT: Yes, these items are all made by a Canadian manufacturer. This happens to be the extent of them up to the present but you have several from World War II which are kept in good repair and which are used for the same purpose. These are supplementary.

The CHAIRMAN: Incorporating economy aid or clause 2 for Winnipeg.

Mr. STEWART: A very good idea.

Mr. APPLEWHAITE: Are they all for use in Canada or are they being sent overseas?

Mr. GRANT: I do not know.

Mr. STICK: Mr. Chairman, I refer to items 490, 491, and 492. Are those buses used here in Canada or are they perhaps shipped overseas for transportation purposes?

Are they exclusively for use in Canada or will they be used overseas as well?

Mr. DRURY: It is perhaps a little hard to say that these are exclusively for use in Canada. At the present moment we have not a need for buses overseas in Korea and we have not need for buses for the air force on the continent.

Mr. STICK: What do you use on the continent?

Mr. DRURY: We have not at present enough air force personnel to justify transport by our own buses.

Mr. STICK: What about the brigade in Germany.

Mr. DRURY: The brigade in Germany uses German produced buses.

Mr. STICK: How does the cost compare? I suppose you get them cheaper than if we sent over our own buses—that is coming back to Mr. Stewart's question of a moment ago.

Mr. DRURY: The acquisition of buses would follow the normal practice of endeavouring to acquire standard commercial administrative vehicles at the lowest possible price; and it is cheaper to buy in Germany a personnel transporting non-tactical bus for use in Germany than to buy buses in Canada and ship them over there.

Mr. STICK: What about the supply? There is no difficulty about supply over there?

Mr. DRURY: The supply of buses and the supply of spare parts presents no difficulty.

Mr. HARKNESS: These items 490 and 491 do not seem to reconcile very well. We have five buses, 28 passenger, for \$39,000 odd and 1 bus for \$14,000.



Mr. GRANT: Mr. Harkness, the comparison does not look very good there and the only thing I note is that one of these is mounted on a three-ton chassis. Some are mounted on two or two and a half ton chassis and you would have to explore the specifications to come up with the answer. It might be a deviation from the original specifications.

Mr. HARKNESS: It does not show what chassis is used—

Mr. GRANT: That is why it is hard to tell what the particular bus is without checking the actual file.

Mr. APPLEWHAITE: You have the same bus again in 493?

Mr. GRANT: Yes, 491 and 493 show the same price.

The WITNESS: We can look up those contracts and find the explanation if it is wanted.

The CHAIRMAN: In my view I think the committee would like to know the answer to the question. It would be well to look up 490, 491, 492, 493, 494—I think that is all—to see if it is possible to explain the differential in prices.

The WITNESS: We will be glad to do that, Mr. Chairman.

The CHAIRMAN: Gentlemen, I realize that all this mass of information is new to you this morning and it is difficult to grasp all that is involved. I think you should have an opportunity to do a little study. Perhaps you would like to adjourn at the present time and have these witnesses back again—unless you have not exhausted the subject this morning. I would like to suggest that at the next sitting we continue with armament, excluding aircraft and ships—that will be the purpose of the next meeting, and if you wish to revert to these unfinished matters at that time you should have an opportunity.

Mr. HARKNESS: I would suggest that we start with this thing at the next meeting and get the answers to a certain number of questions which have been asked today. At the same time we might then ask any other questions which occur to us as a result of study.

The CHAIRMAN: Yes, and when we have exhausted that we will have the witnesses ready for the next item on the agenda.

Mr. APPLEWHAITE: Before you adjourn, my understanding is that we passed a motion today to the effect that this material should be printed in the record of today's proceedings. I think there is a lot of useful information but that is true of what we have had from Mr. Drury, Mr. MacKenzie and Mr. Grant. Is it possible that we might have this report with all these figures printed as an appendix and if so it might not hold up our proceedings. It strikes me that it would take weeks to have all these figures returned.

The CHAIRMAN: I am told that it will not come back any sooner if we make it an appendix. It will actually be an appendix in the record.

Mr. APPLEWHAITE: Would it not speed up the receipt of the information which Mr. MacKenzie has given us if we did not wait for this to be done?

The CHAIRMAN: I am told not.

Mr. DICKEY: If Mr. Applewhaite has finished I wonder whether you would require Mr. MacKenzie at the next meeting? I think Mr. Grant can give us all the information which is necessary on the details of this program. Perhaps we will not require any general summary from Mr. MacKenzie and we might be able to excuse him.

The CHAIRMAN: We realize that Mr. MacKenzie is a very busy man, particularly now when Mr. Brophy is taking over.

Mr. STICK: That could be arranged by the steering committee.

The CHAIRMAN: There is a motion to adjourn.

The meeting adjourned.

## APPENDIX 2

## ADVERTISING EXPENDITURES BY SERVICE AND MONTH, FISCAL YEAR 1950-51

Month	Army		Navy		Air Force	
	\$	cts.	\$	cts.	\$	cts.
April and May.....	21,404	29	8,487	28	21,270	88
June.....	3,211	19	1,091	94	906	21
July.....	1,436	76	4,076	24	4,690	74
August.....	3,495	00	3,001	18	10,824	02
September.....	132,391	79	7,803	83	29,744	70
October.....	34,644	04	5,897	14	45,170	66
November.....	181,595	85	11,282	55	70,143	85
December.....	125,183	35	6,572	17	68,595	50
January.....	69,278	57	26,181	61	77,082	77
February.....	121,770	68	24,733	04	76,760	76
March.....	387,681	71	132,660	65	251,819	34

## FISCAL YEAR 1951-52 TO JAN. 31

April and May.....	36,704	66	17,297	52	42,664	78
June.....	286,521	93	14,478	99	68,748	48
July.....	135,564	29	2,722	81	19,577	89
August.....	161,547	13	52,594	56	199,173	17
September.....	92,147	30	21,031	06	133,104	73
October.....	108,812	15	11,135	77	62,379	22
November.....	70,838	52	39,165	49	186,823	19
December.....	129,911	87	34,648	09	60,610	10
January.....	91,209	16	43,484	46	99,738	53

## APPENDIX 3

TABLE OF MONTHLY PAY AND ALLOWANCES FOR THE ARMED FORCES EFFECTIVE 1 DECEMBER 1951

RANK		PAY		Increments—Group Rate		SUBSISTENCE QUARTERS AND RATION ALLOWANCES				MARRIAGE ALLOWANCE			SEPARATED FAMILY ALLOWANCE				Risk Allowance																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
						Subsistence Allowance	Quarters Allowance	Normal Rate	Maximum Rate on Minister's Approval	Living Out	Occupying Temporary Quarters	Occupying Permanent Quarters	Not in Married Quarters	With Children	Not in Married Quarters	In Married Quarters		Foreign Allowance																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
NAVY	ARMY	AIR	Basic	Increments	Trades Pay Additional to Basic Pay and	I	II	III	IV	6	15	30	40	60	80	100	120	150	180	200	250	300	350	400	450	500	550	600	650	700	750	800	850	900	950	1000	1050	1100	1150	1200	1250	1300	1350	1400	1450	1500	1550	1600	1650	1700	1750	1800	1850	1900	1950	2000	2050	2100	2150	2200	2250	2300	2350	2400	2450	2500	2550	2600	2650	2700	2750	2800	2850	2900	2950	3000	3050	3100	3150	3200	3250	3300	3350	3400	3450	3500	3550	3600	3650	3700	3750	3800	3850	3900	3950	4000	4050	4100	4150	4200	4250	4300	4350	4400	4450	4500	4550	4600	4650	4700	4750	4800	4850	4900	4950	5000	5050	5100	5150	5200	5250	5300	5350	5400	5450	5500	5550	5600	5650	5700	5750	5800	5850	5900	5950	6000	6050	6100	6150	6200	6250	6300	6350	6400	6450	6500	6550	6600	6650	6700	6750	6800	6850	6900	6950	7000	7050	7100	7150	7200	7250	7300	7350	7400	7450	7500	7550	7600	7650	7700	7750	7800	7850	7900	7950	8000	8050	8100	8150	8200	8250	8300	8350	8400	8450	8500	8550	8600	8650	8700	8750	8800	8850	8900	8950	9000	9050	9100	9150	9200	9250	9300	9350	9400	9450	9500	9550	9600	9650	9700	9750	9800	9850	9900	9950	10000	10050	10100	10150	10200	10250	10300	10350	10400	10450	10500	10550	10600	10650	10700	10750	10800	10850	10900	10950	11000	11050	11100	11150	11200	11250	11300	11350	11400	11450	11500	11550	11600	11650	11700	11750	11800	11850	11900	11950	12000	12050	12100	12150	12200	12250	12300	12350	12400	12450	12500	12550	12600	12650	12700	12750	12800	12850	12900	12950	13000	13050	13100	13150	13200	13250	13300	13350	13400	13450	13500	13550	13600	13650	13700	13750	13800	13850	13900	13950	14000	14050	14100	14150	14200	14250	14300	14350	14400	14450	14500	14550	14600	14650	14700	14750	14800	14850	14900	14950	15000	15050	15100	15150	15200	15250	15300	15350	15400	15450	15500	15550	15600	15650	15700	15750	15800	15850	15900	15950	16000	16050	16100	16150	16200	16250	16300	16350	16400	16450	16500	16550	16600	16650	16700	16750	16800	16850	16900	16950	17000	17050	17100	17150	17200	17250	17300	17350	17400	17450	17500	17550	17600	17650	17700	17750	17800	17850	17900	17950	18000	18050	18100	18150	18200	18250	18300	18350	18400	18450	18500	18550	18600	18650	18700	18750	18800	18850	18900	18950	19000	19050	19100	19150	19200	19250	19300	19350	19400	19450	19500	19550	19600	19650	19700	19750	19800	19850	19900	19950	20000	20050	20100	20150	20200	20250	20300	20350	20400	20450	20500	20550	20600	20650	20700	20750	20800	20850	20900	20950	21000	21050	21100	21150	21200	21250	21300	21350	21400	21450	21500	21550	21600	21650	21700	21750	21800	21850	21900	21950	22000	22050	22100	22150	22200	22250	22300	22350	22400	22450	22500	22550	22600	22650	22700	22750	22800	22850	22900	22950	23000	23050	23100	23150	23200	23250	23300	23350	23400	23450	23500	23550	23600	23650	23700	23750	23800	23850	23900	23950	24000	24050	24100	24150	24200	24250	24300	24350	24400	24450	24500	24550	24600	24650	24700	24750	24800	24850	24900	24950	25000	25050	25100	25150	25200	25250	25300	25350	25400	25450	25500	25550	25600	25650	25700	25750	25800	25850	25900	25950	26000	26050	26100	26150	26200	26250	26300	26350	26400	26450	26500	26550	26600	26650	26700	26750	26800	26850	26900	26950	27000	27050	27100	27150	27200	27250	27300	27350	27400	27450	27500	27550	27600	27650	27700	27750	27800	27850	27900	27950	28000	28050	28100	28150	28200	28250	28300	28350	28400	28450	28500	28550	28600	28650	28700	28750	28800	28850	28900	28950	29000	29050	29100	29150	29200	29250	29300	29350	29400	29450	29500	29550	29600	29650	29700	29750	29800	29850	29900	29950	30000	30050	30100	30150	30200	30250	30300	30350	30400	30450	30500	30550	30600	30650	30700	30750	30800	30850	30900	30950	31000	31050	31100	31150	31200	31250	31300	31350	31400	31450	31500	31550	31600	31650	31700	31750	31800	31850	31900	31950	32000	32050	32100	32150	32200	32250	32300	32350	32400	32450	32500	32550	32600	32650	32700	32750	32800	32850	32900	32950	33000	33050	33100	33150	33200	33250	33300	33350	33400	33450	33500	33550	33600	33650	33700	33750	33800	33850	33900	33950	34000	34050	34100	34150	34200	34250	34300	34350	34400	34450	34500	34550	34600	34650	34700	34750	34800	34850	34900	34950	35000	35050	35100	35150	35200	35250	35300	35350	35400	35450	35500	35550	35600	35650	35700	35750	35800	35850	35900	35950	36000	36050	36100	36150	36200	36250	36300	36350	36400	36450	36500	36550	36600	36650	36700	36750	36800	36850	36900	36950	37000	37050	37100	37150	37200	37250	37300	37350	37400	37450	37500	37550	37600	37650	37700	37750	37800	37850	37900	37950	38000	38050	38100	38150	38200	38250	38300	38350	38400	38450	38500	38550	38600	38650	38700	38750	38800	38850	38900	38950	39000	39050	39100	39150	39200	39250	39300	39350	39400	39450	39500	39550	39600	39650	39700	39750	39800	39850	39900	39950	40000	40050	40100	40150	40200	40250	40300	40350	40400	40450	40500	40550	40600	40650	40700	40750	40800	40850	40900	40950	41000	41050	41100	41150	41200	41250	41300	41350	41400	41450	41500	41550	41600	41650	41700	41750	41800	41850	41900	41950	42000	42050	42100	42150	42200	42250	42300	42350	42400	42450	42500	42550	42600	42650	42700	42750	42800	42850	42900	42950	43000	43050	43100	43150	432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Lieutenant.....	Captain.....	255.00	After 3 and 6 years and in the case of Fit/Lts after 9 yrs in the rank add \$20.00	94.00	43.00	20.00	60.00	40.00	37.50	30.00	34.00	20.00	79.00	5.00	18.00
Lt. Commander	Major.....	335.00	•	113.00	53.00	20.00	60.00	40.00	37.50	30.00	113.00	20.00	98.00	5.00	24.00
Commander	Lt-Colonel.....	395.00	Wing Commander	126.00	58.00	20.00	60.00	40.00	37.50	30.00	126.00	20.00	111.00	5.00	27.00
Captain	Colonel.....	555.00	Group Captain...	139.00	64.00	20.00	60.00	40.00	37.50	30.00	139.00	20.00	124.00	5.00	37.50
Commodore	Brigadier.....	737.00	Air Commodore	153.00	68.00	20.00	60.00	40.00	37.50	30.00	153.00	20.00	138.00	50.0	49.50
Rear Admiral	Major General...	881.00	Air Vice Marshal	165.00	70.00	20.00	60.00	40.00	37.50	30.00	165.00	20.00	150.00	5.00	55.50

**NATO—MUTUAL AID PROGRAMME**  
1950-51 and 1951-52  
(REVISED TO 31 JANUARY 1952)

**APPENDIX 4**

	APPROPRIATION		COMMITTED		Expended to date
	Cash	Future Years	Cash	Future Years	
(1) TRANSFERS FROM EXISTING STOCKS					
1950-51					\$
(a) Armament and Ammunition for 1 Division to Netherlands.....	56,750,000		56,750,000		56,750,000
(b) Armament and Ammunition for 1 Division to Belgium.....	56,750,000		56,750,000		56,750,000
(c) Armament and Ammunition for 1 Division to Italy (Minor Substitutes).....	50,000,000		50,000,000		50,000,000
(d) 100-3.7 A.A. Guns—139,000 Rounds Ammunition—25 Search Radar					
25 Gun laying radar—25 Predictors—25 Generators. (Guns allocated to: France (60)—Italy (16)—Netherlands (16)—Portugal (8).....	31,245,000		31,245,000		31,245,000
(e) 24-25 Pounder guns to Luxembourg.....	672,216		672,216		672,216
1951-52					
(f) 49-17 Pounder Guns and 8370 Rounds Ammunition to Italy.....	5,250,000		5,250,000		
(a) Armament and Ammunition to Belgium, Denmark, France, Italy, Netherlands and Norway.....	6,030,960		6,030,960		
(b) 108-25 Pounder Guns, 50952 Shells and 55300 Cartridges to: Italy, Portugal, Belgium, Denmark and the Netherlands.....	5,593,527		5,593,527		
(c) 36-17 Pounder Guns and 1 year's spares to Denmark.....	1,399,680		1,399,680		
(2) ARMAMENT AND AMMUNITION OFFERED BUT NOT ALLOCATED					
(a) 200-3.7" A.A. Guns (Guns only).....	11,526,000				
(b) 700 PIATS and 32-6 Pounder Guns.....	591,284				
(c) Armament and Ammunition—Jan. '52 Release.....	6,727,530				
(d) Armament and Ammunition—Mar. '52 Release.....	35,871,058				
(e) Armament and Ammunition—Balance available for release.....	4,259,871				
(3) AIRCREW TRAINING					
(a) Training Costs.....	272,667,126		213,691,353		195,417,216
(b) Capital Costs.....					
(4) TRANSFER OF EQUIPMENT FROM NEW PRODUCTION					
(a) 300 A.A. Mark VI Radar sets, allocated to: U.K. 150—Italy 48—Netherlands 43—Denmark 28—Belgium 18—Norway 13 (*)	15,114,244		3,622,825		3,622,825
(b) 180-155 mm US-type Howitzers.....	40,685,756		27,480,880		27,480,880
(c) Other Artillery Items.....					
(d) Walkie-Talkie Radio Sets.....					
	25,000,000	15,000,000	25,000,000	15,000,000	1,180,740
	2,435,982	1,564,018	2,435,982	1,564,018	
	5,480,000	4,935,982			
		8,220,000	5,480,000	8,220,000	
	361,383,108	29,720,000	277,711,070	24,784,018	227,701,661

(\*) Includes \$2,500,000 for Capital Assistance

DEPARTMENT OF NATIONAL DEFENCE (NAVY)  
CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL  
1951-52 FISCAL YEAR

(Thousands of Dollars)

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 30 1951	at October 31 1951	at November 30 1951	at December 31 1951	at January 31 1952
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CIVIL SALARIES AND WAGES</b>								
Original Forecast.....	3,250	4,750	6,270	7,470	8,670	9,870	11,000	12,200
Revised Forecast.....					7,900	9,000	10,100	11,500
Actual Expenditure.....	3,802	5,074	5,924	6,910	7,692	9,156	10,299	11,510
<b>PAY AND ALLOWANCES</b>								
Original Forecast.....	8,200	10,870	13,580	16,380	19,100	21,900	24,700	27,500
Revised Forecast.....					19,500	22,900	24,300	27,000
Actual Expenditure.....	8,065	10,788	13,725	16,415	18,858	20,965	23,531	26,657
<b>MAJOR PROCUREMENT</b>								
<b>SHIPS AND AIRCRAFT</b>								
Original Forecast.....	3,500	7,530	12,300	16,300	21,300	27,300	33,300	38,300
Revised Forecast.....					17,000	22,000	24,000	26,000
Actual Expenditure.....	2,623	6,454	9,495	12,844	15,389	19,046	22,668	26,647
<b>MECHANICAL EQUIPMENT INCLUDING</b>								
<b>TRANSPORT</b>								
Original Forecast.....	150	260	370	450	600	700	880	1,060
Revised Forecast.....					300	400	500	650
Actual Expenditure.....	995	105	121	145	181	444	513	623
<b>ARMAMENT EQUIPMENT</b>								
Original Forecast.....	200	400	700	1,200	2,300	3,500	4,700	5,950
Revised Forecast.....					3,000	4,000	4,500	5,700
Actual Expenditure.....	59	196	1,575	1,713	2,525	2,554	2,641	2,673
<b>SIGNAL AND WIRELESS</b>								
Original Forecast.....	500	1,080	1,750	3,200	3,880	5,500	8,360	11,280
Revised Forecast.....					1,700	2,300	3,000	4,000
Actual Expenditure.....	365	650	1,060	1,157	1,554	2,653	2,913	3,485
<b>OTHER</b>								
Original Forecast.....	15	30	60	100	160	260	360	420
Revised Forecast.....					30	40	50	60
Actual Expenditure.....	7	9	10	14	17	19	39	84



**APPENDIX 5—Con.**      DEPARTMENT OF NATIONAL DEFENCE (NAVY)  
CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

(Thousands of Dollars)

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 30 1951	at October 31 1951	at November 30 1951	at December 31 1951	at January 31 1952
<b>MATERIALS AND SUPPLIES</b>								
<b>CLOTHING AND PERSONAL EQUIPMENT</b>								
Original Forecast.....	450	950	1,550	2,250	3,000	4,000	5,000	6,500
Revised Forecast.....					2,600	3,800	5,100	5,800
Actual Expenditure.....	443	634	1,194	1,505	2,230	3,773	4,805	5,979
<b>AMMUNITION AND BOMBS</b>								
Original Forecast.....	800	1,150	1,500	2,000	3,000	4,000	6,000	7,000
Revised Forecast.....					1,500	2,200	2,600	3,100
Actual Expenditure.....	357	606	766	1,001	1,122	1,376	1,729	2,228
<b>BARRACK HOSPITAL, CAMP AND MISC. STORES</b>								
Original Forecast.....	600	9,000	1,200	1,600	2,000	2,500	3,000	3,500
Revised Forecast.....					800	1,000	1,200	1,400
Actual Expenditure.....	243	336	518	635	741	917	1,022	1,149
<b>NAVAL STORES</b>								
Original Forecast.....	1,500	1,800	2,300	3,300	4,500	5,000	7,000	9,500
Revised Forecast.....					3,200	3,600	4,500	5,740
Actual Expenditure.....	1,293	1,712	2,092	2,479	3,020	3,791	4,724	5,598
<b>MISCELLANEOUS SUPPLY (FOOD, FUEL, ETC.)</b>								
Original Forecast.....	1,000	1,500	2,000	2,500	3,200	4,000	5,000	6,000
Revised Forecast.....					3,200	3,800	4,500	5,700
Actual Expenditure.....	898	1,355	2,120	2,646	3,426	4,151	4,923	5,569
<b>REPAIR AND UPKEEP</b>								
<b>SHIPS AND AIRCRAFT</b>								
Original Forecast.....	1,000	1,500	2,000	3,000	5,000	7,000	9,000	11,000
Revised Forecast.....					4,100	5,200	6,300	7,500
Actual Expenditure.....	469	1,440	2,402	3,211	4,521	5,215	6,171	7,670
<b>MECHANICAL EQUIPMENT</b>								
Original Forecast.....	50	70	100	150	200	250	350	430
Revised Forecast.....						150	200	300
Actual Expenditure.....	43	56	77	94	118	188	226	270

## DEFENCE EXPENDITURE

29

<b>BUILDINGS AND WORKS</b>									
Original Forecast.....	400	600	900	1,300	1,700	2,100	2,500	2,900	2,900
Revised Forecast.....	237	578	946	1,222	1,700	2,100	2,500	2,900	2,900
Actual Expenditure.....					1,779	2,134	2,461	2,861	2,861
<b>OTHER</b>									
Original Forecast.....	20	30	50	150	300	500	700	850	850
Revised Forecast.....					50	80	90	100	100
Actual Expenditure.....		10	23	29	40	55	61	89	89
<b>ACQUISITION AND CONSTRUCTION OF PROPERTIES</b>									
Original Forecast.....	1,500	2,300	3,250	5,250	7,250	9,250	11,250	13,250	13,250
Revised Forecast.....					5,600	6,800	8,300	10,700	10,700
Actual Expenditure.....	1,440	2,405	3,437	4,261	6,194	7,914	9,536	11,238	11,238
<b>MISCELLANEOUS SERVICES</b>									
Original Forecast.....	1,400	1,900	2,500	3,200	4,000	5,000	6,000	7,000	7,000
Revised Forecast.....					4,000	4,600	5,300	6,000	6,000
Actual Expenditure.....	1,175	1,697	2,486	3,151	3,930	4,957	5,896	6,604	6,604
<b>TOTALS</b>									
Original Forecast.....	24,535	45,720	52,380	69,800	90,160	112,630	139,100	164,640	164,640
Revised Forecast.....					76,330	94,020	107,090	122,150	122,150
Actual Expenditures.....	21,614	34,105	47,971	59,432	73,317	89,308	104,158	120,903	120,903
<b>CIVIL SALARIES AND WAGES, ETC.</b>									
Original Forecast.....	5,300	7,050	8,825	10,600	12,375	14,150	15,925	17,700	17,700
Revised Forecast.....					13,900	15,700	19,500	22,000	22,000
Actual Expenditure.....	5,289	7,523	9,940	12,111	14,680	17,039	19,270	22,140	22,140
<b>PAY AND ALLOWANCES</b>									
Original Forecast.....	20,500	27,500	35,500	44,000	53,000	63,000	73,000	83,000	83,000
Revised Forecast.....					52,000	61,000	70,000	79,000	79,000
Actual Expenditure.....	20,480	29,474	37,127	43,955	51,374	60,130	69,979	79,171	79,171
<b>MAJOR PROCUREMENT: TANKS AND A.F.V.'s</b>									
Original Forecast.....								150	150
Revised Forecast.....							149	150	150
Actual Expenditure.....						149	150	150	150
<b>MECHANICAL EQUIPMENT INCLUDING TRANSPORT</b>									
Original Forecast.....	500	1,000	1,500	2,000	3,000	4,000	5,000	9,000	9,000
Revised Forecast.....					5,000	7,000	9,000	9,000	9,000
Actual Expenditure.....	498	659	2,385	3,030	3,640	4,250	5,435	7,324	7,324
<b>ARMAMENT EQUIPMENT</b>									
Original Forecast.....	15,000	16,000	17,000	18,000	19,000	20,000	21,000	25,000	25,000
Revised Forecast.....					17,000	18,000	17,800	19,000	19,000
Actual Expenditure.....	5,627	15,793	16,009	16,096	16,483	16,990	17,168	17,438	17,438

**APPENDIX 5—Con.**

DEPARTMENT OF NATIONAL DEFENCE (NAVY)

CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

(Thousands of Dollars)

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 30 1951	at October 31 1951	at November 30 1951	at December 31 1951	at January 31 1952
<b>SIGNAL AND WIRELESS</b>								
Original Forecast.....	1,000	1,250	1,500	2,000	2,500	3,000	3,500	5,000
Revised Forecasts.....					2,000	2,500	3,000	3,500
Actual Expenditure.....	1,051	1,131	1,193	1,449	1,650	2,146	2,398	2,758
<b>SPECIAL TRAINING EQUIPMENT</b>								
Original Forecast.....	25	25	50	50	50	75	100	125
Revised Forecasts.....					100	125	150	150
Actual Expenditure.....	21	46	67	81	95	110	115	136
<b>MATERIALS AND SUPPLIES:</b>								
<b>CLOTHING AND PERSONAL EQUIPMENT</b>								
Original Forecast.....	6,000	7,500	9,000	11,000	13,000	15,500	19,000	23,000
Revised Forecasts.....					16,500	20,500	23,500	28,000
Actual Expenditures.....	5,912	7,915	10,595	12,407	15,241	19,031	24,130	30,770
<b>AMMUNITION AND BOMBS</b>								
Original Forecast.....	1,500	1,750	2,000	3,000	4,000	5,000	6,000	11,000
Revised Forecasts.....					4,000	5,000	4,000	10,000
Actual Expenditures.....	1,474	1,481	1,868	3,232	3,366	3,456	3,580	3,608
<b>BARRACK, HOSPITAL, CAMP, AND MISC.</b>								
<b>STORES</b>								
Original Forecast.....	2,500	3,000	3,500	4,000	5,500	7,500	12,000	16,000
Revised Forecasts.....					8,500	10,500	15,000	19,000
Actual Expenditure.....	2,426	3,430	4,883	6,835	9,139	12,178	14,177	17,957
<b>MISCELLANEOUS SUPPLIES</b>								
(Food, Fuel, POW, Medical and Dental Supplies, etc.)								
Original Forecast.....	2,900	4,650	6,575	8,650	10,625	12,550	14,800	17,750
Revised Forecasts.....					12,300	15,100	16,026	19,900
Actual Expenditures.....	3,351	5,411	6,883	9,560	12,225	13,550	16,565	20,169



## DEFENCE EXPENDITURE

31

REPAIR AND UPREEF: TANKS AND A.F.V.'s	Original Forecast.....	200	300	400	500	750	1,000	1,500	2,000
	Revised Forecasts.....	228	427	730	798	1,000	1,475	1,900	2,500
	Actual Expenditure.....					1,114	1,231	1,444	1,540
MECHANICAL EQUIPMENT	Original Forecast.....	2,350	3,000	3,650	4,800	6,000	7,250	8,500	10,000
	Revised Forecasts.....	2,285	3,540	4,505	5,195	6,000	7,000	8,500	10,000
	Actual Expenditure.....					6,112	7,162	7,865	8,986
BUILDINGS AND WORKS	Original Forecast.....	3,100	4,375	5,650	6,925	8,200	9,475	10,775	12,100
	Revised Forecasts.....	2,988	4,704	6,905	9,074	12,000	13,000	16,000	17,000
	Actual Expenditure.....					11,615	14,115	16,397	18,737
ACQUISITION AND CONSTRUCTION OF PROPERTY	Original Forecast.....	5,100	7,650	11,200	15,250	20,300	25,350	30,400	35,500
	Revised Forecasts.....	5,205	8,550	12,148	15,495	19,200	24,600	28,000	36,300
	Actual Expenditure.....					19,516	23,010	27,004	30,808
MISCELLANEOUS SERVICES (Professional Services, travel, freight, communications, printing, etc.)	Original Forecast.....	3,900	4,775	6,125	7,675	9,300	11,125	13,300	16,000
	Revised Forecasts.....	3,552	5,902	8,467	12,641	15,500	18,500	21,000	24,500
	Actual Expenditure.....					15,269	18,355	21,246	23,354
TOTALS	Original Forecast.....	69,875	89,825	112,475	138,450	167,600	198,975	234,800	283,175
	Revised Forecasts.....	70,477	95,986	123,705	151,959	185,000	220,000	250,000	300,000
	Actual Expenditure.....					181,519	213,202	246,923	285,096

NOTE: This table contains two revised forecasts—one covering October and November and a subsequent revision covering December and January.

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

## APPENDIX 5—COT.

(Thousands of Dollars)

## DEPARTMENT OF NATIONAL DEFENCE (AIR)

	June	July	August	September	October	November	December	January
<b>CIVIL SALARIES AND WAGES, ETC.</b>								
Original Forecast.....	3,209	4,289	5,387	6,555	7,720	8,935	10,271	11,587
Revised Forecast.....	2,639	3,684	4,952	6,083	7,400	8,700	10,000	11,500
Actual Expenditure.....					7,310	8,563	9,777	11,323
<b>PAY AND ALLOWANCES</b>								
Original Forecast.....	13,844	19,790	25,905	32,748	38,888	45,244	52,349	59,160
Revised Forecast.....	14,565	20,012	25,241	30,626	32,000	38,000	45,000	52,900
Actual Expenditure.....					36,473	41,568	48,519	53,926
<b>MAJOR PROCUREMENT</b>								
<b>AIRCRAFT AND ENGINES</b>								
Original Forecast.....	24,756	45,190	61,330	80,020	102,920	127,417	150,627	176,177
Revised Forecast.....	34,309	66,941	81,970	101,368	123,000	144,000	159,000	182,000
Actual Expenditure.....					122,140	143,372	162,274	186,635
<b>MECHANICAL EQPT. INCL. TRANSPORT</b>								
Original Forecast.....	1,433	1,606	2,003	3,071	4,500	5,917	7,408	8,959
Revised Forecast.....	644	831	1,010	1,145	3,000	5,000	4,750	6,000
Actual Expenditure.....					1,868	2,453	3,131	4,192
<b>ARMAMENT EQUIPMENT</b>								
Original Forecast.....	303	389	550	724	985	1,227	1,573	1,924
Revised Forecast.....					300	500	600	900
Actual Expenditure.....	061	107	159	187	225	276	545	674
<b>SIGNAL AND WIRELESS</b>								
Original Forecast.....	3,201	5,611	6,861	8,211	9,611	11,011	12,161	13,938
Revised Forecast.....					6,000	8,000	9,200	11,000
Actual Expenditure.....	1,871	2,687	3,613	5,354	6,310	7,635	8,304	9,782
<b>OTHER</b>								
Original Forecast.....	644	1,252	1,773	2,991	4,389	5,762	7,162	8,507
Revised Forecast.....					3,000	4,000	4,500	5,391
Actual Expenditure.....	738	1,173	1,563	2,053	2,709	3,362	3,818	5,310

<b>MATERIALS AND SUPPLIES</b>									
<b>CLOTHING AND PERSONAL EQPT.</b>									
Original Forecast.....	3,535	5,792	8,052	10,426	13,139	15,906	18,559	21,285	
Revised Forecast.....	2,644	3,625	4,362	4,995	7,000	9,500	10,600	13,000	
Actual Expenditure.....					5,770	7,213	8,436	10,378	
<b>AMMUNITION AND BOMBS</b>									
Original Forecast.....	856	1,323	1,649	2,130	2,282	2,496	3,054	3,958	
Revised Forecast.....	476	485	502	563	1,000	1,500	2,000	3,000	
Actual Expenditure.....					818	1,055	1,525	2,707	
<b>BARRACK, HOSPITAL, CAMP &amp; MISC. STORES</b>									
Original Forecast.....	1,383	1,946	2,567	3,223	3,972	4,626	5,280	5,934	
Revised Forecast.....	867	1,116	1,384	1,722	2,300	3,500	4,140	4,740	
Actual Expenditure.....					2,013	2,450	2,883	3,882	
<b>MISCELLANEOUS SUPPLY</b>									
Original Forecast.....	2,361	3,791	4,939	7,490	9,683	13,425	14,922	16,524	
Revised Forecast.....	2,119	2,620	5,156	6,111	8,500	12,500	14,090	16,590	
Actual Expenditure.....					6,614	9,728	11,027	12,534	
<b>OTHER</b>									
Original Forecast.....	2,241	2,810	3,711	4,397	5,313	5,972	6,595	7,190	
Revised Forecast.....	347	663	1,115	1,466	2,000	2,800	2,830	3,130	
Actual Expenditure.....					1,696	2,006	2,286	2,835	
<b>REPAIRS AND UPKEEP</b>									
<b>AIRCRAFT AND ENGINES</b>									
Original Forecast.....	9,418	12,694	16,445	20,181	24,350	29,047	33,759	38,741	
Revised Forecast.....	5,579	7,897	10,854	16,042	19,000	23,500	27,000	33,000	
Actual Expenditure.....					19,109	22,889	26,111	31,043	
<b>MECHANICAL EQUIPMENT</b>									
Original Forecast.....	042	075	100	197	314	464	633	813	
Revised Forecast.....	057	080	100	113	300	600	680	800	
Actual Expenditure.....					128	151	158	189	
<b>BUILDING AND WORKS</b>									
Original Forecast.....	1,422	2,175	3,147	4,100	5,227	6,882	8,660	10,081	
Revised Forecast.....	1,368	2,395	3,558	5,420	6,000	7,500	12,500	14,800	
Actual Expenditure.....					7,528	10,294	12,310	14,369	
<b>OTHER</b>									
Original Forecast.....	124	253	677	1,341	2,314	3,492	4,915	6,746	
Revised Forecast.....	419	917	1,220	1,606	2,000	3,400	4,800	6,000	
Actual Expenditure.....					2,404	3,325	3,880	4,522	

STATEMENT OF EXPENDITURE—FORECAST AND ACTUAL



## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

(Thousands of Dollars)

## DEPARTMENT OF NATIONAL DEFENCE (AIR)

	June	July	August	September	October	November	December	January
<b>ACQUISITION AND CONSTRUCTION OF PROPERTIES</b>								
Original Forecast.....	14,091	24,053	35,411	43,710	62,508	75,312	88,541	101,252
Revised Forecast.....					42,000	51,000	66,000	75,000
Actual Expenditure.....	10,314	17,306	25,091	34,571	45,167	55,228	65,267	74,659
<b>MISCELLANEOUS SERVICES</b>								
Original Forecast.....	3,081	3,145	4,424	5,780	7,381	9,494	11,614	13,469
Revised Forecast.....					13,000	14,000	20,400	25,900
Actual Expenditure.....	3,458	5,509	8,934	11,382	14,835	18,358	21,031	24,241
<b>GRAND TOTALS</b>								
Original Forecast.....	86,024	136,184	184,991	242,295	305,476	372,629	438,083	506,309
Revised Forecast.....					280,400	338,000	398,040	464,860
Actual Expenditure.....	82,475	138,048	180,784	230,807	283,117	339,926	391,282	453,282

Note: Above figures are inclusive of expenditures in respect of Air Training chargeable to the Special NATO Appropriation as follows:

Original Forecast (to the end of the year).... \$55,800,000

Revised Forecast (to the end of the year).... 49,276,000

Actual Charges (Accumulated to Jan 2/52).... 31,103,706

# DEFENCE EXPENDITURE

35

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY

1951-52 Fiscal Year

(Thousands of Dollars)

### APPENDIX 6

#### DEPARTMENT OF NATIONAL DEFENCE (NAVY)

	Requests for Contracts as at 31 January, 1952.	ANALYSIS BY PROCUREMENT AGENCY		
		DDP	DCL	CMHC
<b>MAJOR EQUIPMENT</b>				
Ships and Aircraft.....	196,907	196,907		
Mechanical Equipment including Transport..	1,818	1,818		
Armament Equipment.....	111,037	111,037		
Signal and Wireless.....	41,948	41,948		
Other.....	193	193		
<b>MATERIALS AND SUPPLIES</b>				
Clothing and Personal Equipment.....	19,082	19,082		
Ammunition and Bombs.....	34,393	34,393		
Barrack, Hospital, Camp and Miscellaneous Stores.....	6,527	6,527		
Naval Stores.....	18,646	18,646		
Miscellaneous Supply.....	8,651	8,651		
<b>MAINTENANCE AND REPAIRS</b>				
Ships and Aircraft.....	11,252	11,252		
Mechanical Equipment.....	443	443		
Buildings and Works.....	1,587	1,587		
<b>ACQUISITION AND CONSTRUCTION OF PROPERTIES..</b>	32,222		23,219	9,003
<b>TOTALS.....</b>	484,706	452,484	23,219	9,003

NOTE: The above analysis is intended to provide an approximation of the distribution of requests for contracts by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of departmental records.

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY

1951-52 Fiscal Year

(Thousands of Dollars)

#### DEPARTMENT OF NATIONAL DEFENCE (NAVY)

	Requests for Contracts as at 31 January, 1952.	ANALYSIS BY PROCUREMENT AGENCY		
		DDP	DCL	CMHC
<b>MAJOR EQUIPMENT</b>				
Tanks and AFV's.....	53,708	53,708		
Mechanical Equipment including Transport..	50,271	50,271		
Armament Equipment.....	33,078	33,078		
Signal and Wireless Equipment.....	20,131	20,131		
<b>MATERIALS AND SUPPLIES</b>				
Clothing and Personal Equipment.....	117,376	117,376		
Ammunition and Bombs.....	115,477	115,477		
Barrack Hospital Camp and Miscellaneous Stores.....	51,818	51,818		
Miscellaneous Supplies.....	32,921	32,921		
<b>MAINTENANCE AND REPAIRS</b>				
Tanks and AFV's.....	7,134	7,134		
Mechanical Equipment.....	22,946	22,946		
<b>ACQUISITION AND CONSTRUCTION OF PROPERTIES..</b>	110,533	26,366	54,818	29,349
<b>TOTALS.....</b>	615,393	531,226	54,818	29,349

NOTE: The above analysis is intended to provide an approximation of the distribution of the requests for contracts by procurement agency. The amounts shown are in some cases estimated and have not been obtained by a detailed examination of departmental records.

## APPENDIX 6—Con.

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY

1951-52 FISCAL YEAR (TO 31 JANUARY, 1952)

(Thousands of Dollars)

## DEPARTMENT OF NATIONAL DEFENCE (AIR)

	Requests for Contracts as at 31 January, 1952	Analysis by Procurement Agency			
		DDP	DCL	CMHC	DOT
	\$	\$	\$	\$	\$
<b>MAJOR EQUIPMENT—</b>					
Aircraft and Engines.....	1,211,215	1,211,215			
Mechanical Equipment including					
Transport.....	25,605	25,605			
Armament Equipment.....	2,754	2,754			
Signal and Wireless.....	55,964	55,964			
Other.....	23,176	23,176			
<b>MATERIALS AND SUPPLIES—</b>					
Clothing and Personal Equip-					
ment.....	47,230	47,230			
Ammunition and Bombs.....	26,615	26,615			
Barrack Hospital, Camp &					
Miscellaneous Stores.....	20,228	20,228			
Miscellaneous Supply.....	26,227	26,227			
Other.....	11,594	11,594			
<b>MAINTENANCE AND REPAIRS—</b>					
Aircraft and Engines.....	119,346	119,346			
Mechanical Equipment.....	2,544	2,544			
Buildings and Works.....	25,399	25,399			
Other.....	15,058	15,058			
MISCELLANEOUS SERVICES.....	7,259	2,304	4,955		
ACQUISITION AND CONSTRUCTION OF					
PROPERTIES.....	241,494	18,809	156,484	33,252	32,949
<b>TOTALS.....</b>	<b>1,861,708</b>	<b>1,634,068</b>	<b>161,439</b>	<b>33,252</b>	<b>32,949</b>

NOTE:—The above analysis is intended to provide an approximation of the distribution of requests for contracts by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of departmental records.



## APPENDIX 7

## SUMMARY OF EXPENDITURES 1951-52 (1st APRIL—31st JANUARY, 1952)

## DEPARTMENT OF NATIONAL DEFENCE

## DEPARTMENTAL ADMINISTRATION

	Expenditures 1st April to 31st Jan. 1952	ANALYSIS OF EXPENDITURES	
		DND	DDP
	\$	\$	\$
01 Civil Salaries and Wages.....	3,068,908	3,068,908	
02 Civilian Allowances.....	1,997	1,997	
04 Professional and Special Services—			
Professional Fees.....	157,185	7,085	150,100
05 Travelling and Removal Expenses.....	392,081	392,081	
06 Freight, Express and Cartage.....	2,910	2,910	
07 Postage.....	45,733	45,733	
08 Telephone, Telegrams and other Communication Services.....	26,246	26,246	
09 Printing of Departmental Reports and Other Publications...	43,819	43,819	
11 Office Stationery, Supplies, Equipment and Furnishings.....	130,059	130,059	
12 Materials and Supplies—			
Miscellaneous Materials and Supplies.....	64,205		64,205
14 Repair and Upkeep of Buildings and Works including Land..	18,068		18,068
15 Rentals of Land, Buildings and Works.....	704	704	
16 Major Procurement of Equipment—			
Miscellaneous Equipment.....	87,004		87,004
17 Repair and Upkeep of Equipment—			
Repairs and Spare Parts for Mechanical Equipment			
including Transport.....	300	300	
18 Rentals of Equipment.....	3	3	
19 Municipal and Public Utility Services.....	1,683	1,683	
21 Pensions, Superannuation & Other Benefits for Personal			
Services.....	9,706	9,706	
22 All other Expenditures—			
Expenditures not Elsewhere Provided.....	1,784,072	1,784,072	
Miscellaneous Recoverables.....	7,157	7,157	
TOTALS.....	5,841,840	5,522,463	319,377

NOTE:—The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## SUMMARY OF EXPENDITURES 1951-52 (1st APRIL-31 JANUARY 52)

## DEPARTMENT OF NATIONAL DEFENCE-NAVY

	Expenditures 1st April, 1951- 31 Jan. 52	ANALYSIS OF EXPENDITURES						Local Procure- ment
		DND	DDP	DCL	CMHC	DOT	DPW	
	\$	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	11,390,696	11,368,266				22,430		
02 Civilian Allowances.....	13,850	13,850						
03 Pay and Allowances.....	26,656,697	26,656,697						
04 Professional and Special Services— Corps of Commissioners.....	390,473	390,473						
Professional Fees—Architects, Engin- eers, Land Valuation and Legal.....	512,535			512,535				
Medical and Dental Consultants and Special Services.....	74,495	74,495						
Fees for Special Courses.....	26,997	26,997						
05 Travelling and Removal Expenses.....	3,019,653	3,019,317			336			
06 Freight, Express and Cartage.....	500,351	500,351						
07 Postage.....	46,803	46,803						
08 Telephones, Telegrams and other Com- munication Services.....	199,533	115,367	79,884			1,582		2,700
09 Printing of Departmental Reports and other Publications.....	180,217	180,217						
10 Films, Displays, Broadcasting, Adverti- sing and other Informational Mate- rials.....	236,559	236,559						
11 Office Stationery, Supplies, Equipment and Furnishings.....	376,949	343,728	32,286					935
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	680,509	676,551						3,958
Clothing and Personal Equipment.....	5,978,547	5,969,602						8,945
Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equip- ment.....	1,590,966	1,189,915						401,051
Food Supplies.....	2,570,974	2,154,769						416,205
Naval Stores.....	5,598,006	5,544,139			1,102			52,759
Medical and Dental Supplies.....	169,131	166,454						2,677
Ammunition and Bombs.....	2,228,282	2,228,282						
Barack, Hospital, Camp and Miscel- laneous Stores.....	1,149,397	1,147,046						2,351





SUMMARY OF EXPENDITURES 1951-52-1 APRIL 1951-31 JANUARY, 1952  
DEPARTMENT OF NATIONAL DEFENCE-ARMY

	Expendi- tures 1 April 1951- 31 January 1952	ANALYSIS OF EXPENDITURES					
		DND	DDP	DCL	CMHC	Other Govern- ment Depts.	Local Procure- ment
01 Civil Salaries and Wages.....	21,671,888	21,671,888					
02 Civilian Allowances.....	204,422	204,422					
03 Pay and Allowances.....	79,171,206	79,171,206					
04 Professional and Special Services— Corps of Commissionaires.....	425,964	425,964					
Professional Fees—Architects, Engineers, Land Valua- tion and Legal.....	615,550		615,550				
Medical and Dental Consultants and Special Services. Fees for Special Courses.....	360,634	360,634					
05 Travelling and Removal Expenses.....	84,000	84,000					1,333
06 Freight, Express and Cartage.....	10,077,375	9,839,873	236,169				1,291
07 Postage.....	7,042,185	6,333,766				707,128	
08 Telephones, Telegrams and other Communication Ser- vices.....	172,174	172,174					
09 Printing of Departmental Reports and other Publications Films, Displays, Broadcasting, Advertising and other Information Materials.....	707,084	609,832	185,122			238,077	2,130
11 Office Stationery, Supplies, Equipment and Furnishings Materials and Supplies—	238,077						
Fuel for Heating, Cooking and Power Generating Unit Clothing and Personal Equipment.....	1,113,257	913,122					200,135
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	2,014,139		33,935			1,967,184	13,020
Food Supplies.....	3,937,803		3,986,610				1,193
Medical and Dental Supplies.....	30,770,243		30,739,493				30,750
Ammunition and Bombs.....	1,877,655		1,862,682				14,973
Barrack, Hospital, Camp and Miscellaneous Stores.....	10,051,108		9,620,566				430,542
Acquisition and Construction of Buildings and Works Including Acquisition of Land—	1,999,747		1,982,646				17,101
Purchase of Real Properties (Land and Buildings) Construction Projects.....	3,608,394		3,608,394				
Repair and Upkeep of Buildings and Works including Land.....	17,957,452		17,756,977				200,475
13 Rentals of Land, Buildings and Works.....							
	1,272,476	1,272,476					
	29,536,899	3,992,475	1,915,078	17,269,692	6,359,654		
14							
15	18,460,974	8,039,219	10,222,438				199,317
	330,553	330,553					

16	Major Procurement of Equipment— Tanks and A.F.V.'s M.E. including Transport Armament Equipment Signal and Wireless Equipment Special Training Equipment	150,165 7,323,947 17,403,910 2,718,182 98,566	150,165 7,323,947 17,403,910 2,718,182 98,566				
17	Repair and Upkeep of Equipment— Spare Parts for Tanks and A.F.V.'s Repairs and Spare Parts for M.E., including Transport Repair by Contract	1,539,639 6,186,999 2,798,728 1,657,839	1,539,639 6,186,999 2,798,728 1,657,839				
19	Municipal and Public Utility Services	127,246	127,246				
20	Contributions, Grants, Subsidies, etc. not included Elsewhere	264,418	264,418				
21	Pensions, Superannuation and Other Benefits for Personal Services	192,083 349,164 343,175	192,083 349,164 343,175				
22	All other Expenditures— Education of Dependent Children Laundry and Dry Cleaning Expenditures not Elsewhere Provided	285,096,141	136,006,287	120,048,561	17,885,242	6,359,654	2,912,389
	TOTALS.						1,884,008
05	Other Government Departments— Canadian Maritime Commission 09, 11—Queen's Printer						

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

SUMMARY OF EXPENDITURES 1951-52 (1st APRIL—31 JANUARY, 1952)  
DEPARTMENT OF NATIONAL DEFENCE—AIR

	Expenditures 1 Apr. to 31 Jan. 1952	ANALYSIS OF EXPENDITURES					Local Procurement
		DND	DDP	DCL	CMHC	DOT	
01 Civil Salaries and Wages.....	11,342,872	11,092,990					249,882
02 Civilian Allowances.....	112,767	112,764					3
03 Pay and Allowances.....	53,925,814	53,925,609					205
04 Professional and Special Services— Corps of Commissionaires.....	106,172	87,378					18,794
Professional Fees—Architects, Engineers, Land Valua- tion & Legal.....	2,107,423	12,758		2,091,000			3,665
Medical & Dental Consultants and Special Services.....	331,817	18,204					363,613
Fees for Special Courses.....	478,590	371,498					107,092
05 Travelling and Removal Expenses.....	9,882,766	9,881,667					1,099
06 Freight, Express and Cartage.....	2,191,714	2,184,036					7,678
07 Postage.....	103,920						103,920
08 Telephones, Telegrams and other Communication Services.....	713,880	339,656					374,224
09 Printing of Departmental Reports and Other Publica- tions..... (a)	204,990	200,031					4,959
10 Films, Displays, Broadcasting, Advertising and Other Information Materials..... (a)	872,820	797,994					75,816
11 Office Stationery, Supplies, Equipment and Furnishings (a)	1,267,883	1,193,003					74,880
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units Clothing and Personal Equipment.....	2,900,656		2,900,656				223,007
Gasoline, Fuel Oil and Lubricants for Ships, A/C & M/E Food Supplies.....	10,601,454		10,378,447				651,320
Miscellaneous Materials and Supplies.....	5,950,761		5,299,441				291,258
Medical and Dental Supplies.....	2,788,869		2,497,611				871,026
Ammunition and Bombs.....	3,706,363		2,835,337				19,375
Barrack, Hospital, Camp and Miscellaneous Stores.....	462,434		443,059				2,499
2,709,294			2,706,795				477,316
4,358,945			3,881,629				
13 Acquisition and Construction of Land— Including Acquisition of Land— Purchase of Real Properties (Land & Bldgs) Construction—Major Contract Projects.....	1,435,486	1,435,139					347
Construction—Day Labour and Minor Contract Projects.....	72,659,311	4,460,307		51,863,093	11,167,271	5,168,640	
14 Repair and Upkeep of Bldgs and Works including Land Rentals of Land, Buildings and Works.....	554,868	300,000	253,942				926
	14,378,516			14,368,972			9,544
	195,852	155,328					40,524



16 Major Procurement of Equipment—									
Aircraft and Engines.....	186,650,232	.....	186,653,396	.....	.....	.....	.....	16,836	.....
Mechanical Equipment including Transport.....	4,313,002	.....	4,191,761	.....	.....	.....	.....	121,241	.....
Armament Equipment.....	685,459	.....	4,674,372	.....	.....	.....	.....	11,087	.....
Signal and Wireless Equipment.....	9,875,043	.....	9,784,082	.....	.....	.....	.....	90,961	.....
Special Training Equipment.....	574,099	.....	569,086	.....	.....	.....	.....	5,013	.....
Miscellaneous Equipment.....	5,453,284	.....	4,822,145	.....	.....	.....	.....	631,139	.....
17 Repair and Upkeep of Equipment—									
Repairs and Spare Parts for Mechanical Equipment including Transport.....	1,356,012	.....	188,663	.....	.....	.....	.....	1,167,349	.....
Overhaul of Aircraft including Spares.....	31,072,929	.....	31,053,633	.....	.....	.....	.....	19,206	.....
Miscellaneous Repairs.....	4,625,777	.....	4,521,927	.....	.....	.....	.....	103,850	.....
18 Rentals of Equipment.....	1,318,019	.....	1,279,055	.....	.....	.....	.....	38,964	.....
19 Municipal and Public Utility Services.....	—	25,818	.....	.....	.....	.....	.....	25,625	.....
20 Contributions, Grants, Subsidies, etc. not incl. Elsewhere	.....	.....	.....	.....	.....	.....	.....	.....	.....
21 Pensions, Superannuation & Other Benefits for Personal Services.....	117,344	117,340	.....	.....	.....	.....	.....	4	.....
22 All other Expenditures—									
Education of Dependent Children.....	273,833	259,471	.....	.....	.....	.....	.....	14,362	.....
Laundry and Dry Cleaning.....	167,188	.....	.....	.....	.....	.....	.....	167,188	.....
Expenditures not Elsewhere Provided.....	352,293	175,025	.....	.....	.....	.....	.....	177,268	.....
TOTALS.....	453,282,194	87,145,026	274,915,037	68,323,065	11,167,271	5,168,640	.....	6,563,155	.....

Notes:—(a) Normally procured through Queen's Printer.

(b) Includes Local Purchases direct from the trade as well as requisitions on local DDP offices.

Note:—The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## SUMMARY OF EXPENDITURES 1951-52 (1 APRIL-31 JANUARY, 1952)

## DEPARTMENT OF NATIONAL DEFENCE

## DEFENCE RESEARCH BOARD

	Expenditures 1 Apr., 1951 31 Jan., 1952	ANALYSIS OF EXPENDITURES							
		DND	DDP	DCL	CMHC	DOT	NRC	OGD	Local Purchases (1)
01 Civil Salaries and Wages.....	4,339,385	4,326,698				12,687			
02 Civilian Allowances.....	56,511	55,583						928	
03 Pay and Allowances.....	61,329	61,329							
04 Professional and Special Services.....	214,779	24,788	685	189,306					
05 Travelling and Removal Expenses.....	397,298	315,330	18,786			182			
06 Freight, Express and Cartage.....	18,765	18,765							
07 Postage.....	2,656	2,656							
08 Telephones, Telegrams and other Communication Services.....	36,372	29,820				6,552			
09 Printing of Departmental Reports and Other Publications.....	59,000	58,702					298		
10 Films, Displays, Broadcasting, Advertising and other information materials.....	16,518	16,518							
11 Office Stationery, Supplies, Equipment and Furnishings.....	130,547	125,816						4,731	18,480
12 Materials and Supplies.....	1,027,177	6,339	980,952				21,406		
13 Acquisition and Construction of Buildings and Works including Acquisition of Land.....	2,836,208	65,000	157,523	2,396,909	215,997			781	
14 Repair and Upkeep of Buildings and Works including Land.....	177,832	98,000	79,833						
15 Rentals of Land, Buildings and Works.....	5,917	2,026	3,891						
16 Major Procurement of Equipment.....	10,371,847	41,828	10,312,026					1,029	16,964
17 Repair and Upkeep of Equipment.....	206,239	684	205,645						
18 Rentals of Equipment.....	731		731						
19 Municipal and Public Utility Services.....	13,993	6,864	7,129						
20 Contributions, Grants, Subsidies, etc. not included elsewhere.....	750,673	693,178					50,000	7,495	





## APPENDIX 8

## 25 CANADIAN INFANTRY BRIGADE

## COST DATA

## 1 PAY AND ALLOWANCES

Total Pay and Allowances of 25 Canadian Infantry Brigade, all ranks on Brigade strength, to 31 Jan 52:

Fiscal Year 1950-51.....	\$ 8,479,033.00	
Fiscal Year 1951-52 (10 months).....	11,420,397.00	
	<hr/>	\$ 19,899,430.00

## 2. MAINTENANCE SUPPORT AT FORT LEWIS, WN. AND TRANSPORTATION INWARD TO FORT LEWIS

(a) Charges by United States Army for maintenance support provided the Canadian Army at Fort Lewis amount to \$2,655,753.46 (\$2,519,883.78 US funds), made up as follows:

Food Supplies.....	\$ 1,171,986.17
Repair and upkeep of buildings.....	162,152.10
Fuel—heating, cooking, operation of mechanical equipment including transport; lubricants.....	438,307.27
Barrack, hospital, camp and miscellaneous equipment and stores.....	125,230.64
Laundry and dry cleaning; clothing maintenance.....	113,247.37
Equipment maintenance—spare parts and contract repair...	216,022.90
Medical supplies and services.....	239,973.72
Miscellaneous—communication services, training ammunition.....	138,833.29
	<hr/>
	2,655,753.46

(b) Transportation to Fort Lewis from training establishment in Canada, initial move only (return from embarkation leave destination point not included) amounts to.....

798,420.00	
<hr/>	3,454,173.46

## 3. EXPENDITURE TO COMPLETE EQUIPMENT 25 CANADIAN INFANTRY BRIGADE (purchases only, items drawn from stocks not included):

Mechanical equipment—weapon carriers, trucks, crawler tractors, trailers, water supply sets, mechanical refrigerator units, mobile bath units.....	\$ 8,567,068.00
Armament—mortars, rocket launchers, flame throwers.....	242,863.00
Tanks.....	3,045,000.00
Signals equipment.....	442,884.00
Field ranges, cooking outfits, inflammable drums, gas bottles..	112,868.00
Clothing—socks, field trousers.....	495,020.00
Office equipment and appliances.....	89,898.00
Medical equipment and supplies.....	45,646.00
Demolition stores, mines and flares.....	15,333.00
	<hr/>
	\$ 13,056,580.00

## 4. COSTS OF 25 CANADIAN INFANTRY BRIGADE IN KOREA AND JAPAN, TO 31 JAN 52:

(Pay and Allowances \$11,621,413.00 included in item 1 above)

*Maintenance Support\**

Civil Salaries and Wages.....	\$ 30,625.00	
Food Supplies.....	3,630,421.00	
Fuel—for heating, cooking, operation of power generators, mechanical equipment including transport; lubricants...	532,827.00	
Barrack, camp, Hospital and miscellaneous equipment and stores.....	1,382,909.00	
Laundry and dry cleaning.....	162,074.00	
Maintenance of clothing and personal equipment.....	3,803,171.00	
Ammunition and Bombs.....	12,545,829.00	
Maintenance of mechanical equipment—spare parts, contract repair.....	5,592,233.00	
Medical and dental services and supplies .....	2,825,845.00	
Armament maintenance.....	575,752.00	
Signal and wireless equipment maintenance.....	247,321.00	
Communication services—telegraph, etc.....	50,446.00	
Miscellaneous labour hire.....	28,666.00	
Maintenance and repair of buildings.....	25,570.00	
Freight, Express and Cartage†.....	1,921,160.00	
Office Supplies, equipment.....	343,192.00	
		\$ 33,698,041.00

\*Comprises cost of all supplies and stores received in Far East, including items of Canadian, United States, United Kingdom and Australian origin.

†Refers to charges covering maintenance support not included in main ocean movement referred to in para 5 below.

## 5. COST OF TRANS-PACIFIC SURFACE TRANSPORTATION†

(a) Personnel—westbound.....	\$ 1,816,412.00	
esatbound.....	83,977.00	
		\$ 1,900,389.00
(b) Freight—ocean transportation.....	1,520,148.00	
Port handling—stevedoring, port switching, port proofing of cargo.	251,948.00	
		\$ 1,772,096.00
		\$ 3,672,485.00

‡Cost to 31 Jan 52 for all service performed by United States Military Sea Transport Service and includes costs of charter and operation of the freighters put into the United States Military Sea Transport Service shipping pool

TOTAL of above items of cost..... \$ 73,780,709.46

## APPENDIX 9

## ESTIMATED COST OF KOREAN AIRLIFT TO JANUARY 31, 1952

Pay and allowances.....	\$ 1,785,046
Travelling Expenses.....	286,591
Accommodation, rations, station services.....	504,438
Freight and Express.....	23,756
Miscellaneous local procurement.....	59,716
Aero gas and oil.....	1,097,404
Overhaul and maintenance of aircraft.....	1,599,785
	<hr/>
	\$ 5,356,736
Chartered Airlift	
Canadian Pacific Airlines.....	5,567,633
	<hr/>
	\$ 10,924,369

## APPENDIX 10

## COST OF NAVY'S CONTRIBUTION TO KOREAN OPERATIONS TO 31 JANUARY, 1952

Pay and Allowances of Officers and Men.....	\$ 3,212,292
Food.....	939,124
Fuel Oil.....	1,412,622
Ammunition.....	1,395,000
Repairs and Refits of Ships.....	729,910
Stores.....	38,777
Clothing.....	2,181
	<hr/>
	\$ 7,729,906

The above figures cover the operation of the following destroyers:

Ship	From	To	Officers	Men
Cayuga	5 July 1950	7 April 1951	14	265
	19 June 1951	31 Jan. 1952	14	243
Athabaskan	5 July 1950	17 May 1951	15	259
	2 Aug. 1951	31 Jan. 1952	15	254
Sioux	5 July 1950	4 Feb. 1951	15	237
	8 Apr. 1951	31 Jan. 1952	15	227
Nootka	25 Nov. 1950	21 Aug. 1951	15	248
	30 Dec. 1951	31 Jan. 1952	14	265
Huron	22 Jan. 1951	21 Sept. 1951	16	248

Pay and Allowances are based on actual pay and allowances for officers and men on each Destroyer from the time ship left Esquimalt until she returned to home port.

Food is based on cost of feeding in Korean operational zone at \$1.75 per day.

Repairs and maintenance covers cost of repairs and refit of various destroyers on return from Korean operation.

Fuel covers cost of fuel to December 31, 1951 and is based on actual consumption of the various destroyers to that date.

Ammunition is based on consumption reports to May, 1951 and estimated consumption to 31 January, 1952 based on available information.

Clothing and Stores represent items purchased by ships during operation and does not include items issued from stores while ships are in home ports.



## APPENDIX 11

## 27 CANADIAN INFANTRY BRIGADE

## COST DATA

## 1. PAY AND ALLOWANCES, TO 31 JAN 52

Total for all ranks on strength of Brigade (replacements not included) from date of organization to 31 Jan 52.....\$ 6,408,745

## 2. COST OF OCCUPATION VALCARTIER CAMP

Rehabilitation and repair of wartime construction, to make ready for occupancy....\$ 1,020,000  
 Additional fuel for heating and cooking.....36,400  
 Additional public services.....18,200  
 Civil Salaries and wages, extra employment.....42,885  
 Gasoline, fuel oil expenses, operation of mechanical equipment including transport..91,020  
 Food supplies and catering.....505,824

Total.....\$ 1,714,349

3. EXPENDITURES TO COMPLETE EQUIPMENT AND STORES  
(items drawn from stock not included)

Vehicles—jeeps, trucks.....\$ 835,388  
 Tanks.....248,900  
 Weapons.....7,500  
 Signal equipment.....258,323  
 Ammunition—US natures.....1,009,342  
 Medical equipment and supplies.....23,046  
 Office appliances and equipment.....56,075  
 Clothing.....187,264

Total.....\$ 2,625,838

## 4. TRANSPORTATION CHARGES

Expenditures in Canada (includes expenditures respecting replacement elements as not available separately)

Travelling and Removal Expenses.....\$ 1,353,715  
 Freight, Express and Cartage.....931,440

## Ocean Transportation

Personnel.....\$ 784,509  
 Freight.....1,151,524

Total.....\$ 4,221,188

## APPENDIX 12

## DEPARTMENT OF NATIONAL DEFENCE

Barracks and Messes Contracted for by Armed Forces since April 1, 1950, by Location, Showing numbers and type and Total and Per Capita Cost.  
(The figures shown represent building costs only; no services or utilities included)

## NAVY—RATINGS BARRACKS

LOCATION	No. of Units and Class	Date of Award	Total Cost	Personnel Capacity	Per Capacity Cost	REMARKS
Dartmouth, NS.....	1 C1 I	11-12-50	2,683,437.00	760	3521	Barrack, Messing and Recreation facilities under one roof.
Halifax, NS.....	1 C1 I	20-9-49	1,845,617.00	800	2300	"
Esquimalt, BC.....	1 C1 I	18-12-51	1,845,828.00	750	2461	"
TOTAL.....	3 C1		6,374,882.00	770 (Av)	2764 (Av)	

## ARMY—OTHER RANKS BARRACKS (250 MAN)

Barrie, Ont.....	1 C1 I	28-12-50	537,436.00	250	2149	By Central Heating.
Barrie, Ont.....	1 C1 I	28-12-50	537,436.00	250	2149	"
Barrie, Ont.....	1 C1 I	7-7-51	610,775.00	250	2443	"
Calgary, Alta.....	1 C1 I	21-7-50	499,200.00	250	1996	Integral Heated.
Camp Borden, Ont.....	1 C1 I	21-11-50	583,210.00	250	2333	"
Camp Borden, Ont.....	1 C1 I	29-12-50	649,310.00	250	2487	"
Camp Borden, Ont.....	1 C1 I	4-10-51	663,339.00	250	2653	"
Camp Borden, Ont.....	1 C1 I	7-11-51	663,339.00	250	2653	"
Chilliwack, B.C.....	1 C1 I	28-9-50	482,497.00	250	1930	By Central Heating.
London, Ont.....	1 C1 I	1-11-51	630,097.00	250	2520	Integral Heated.
Petawawa, Ont.....	1 C1 I	12-1-51	555,079.00	250	2220	"
Pictou, Ont.....	1 C1 I	9-10-51	641,145.00	250	2564	"
St. Jean, Que.....	1 C1 I	22-10-51	555,124.00	250	2220	"
Shilo, Man.....	1 C1 I	21-12-50	634,430.00	250	2537	By Central Heating.
Shilo, Man.....	1 C1 I	21-12-50	646,430.00	250	2585	"
TOTAL.....	15 C1 I		8,888,847.00	250 (Av)	2370 (Av)	

## ARMY—OTHER RANKS BARRACKS (212 MAN)

LOCATION	No. of Units and Class	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Calgary, Alta.....	1 C1 I	9- 7-51	566,078.00	212	2670	Integral Heated.
Calgary, Alta.....	1 C1 I	6- 2-51	544,705.00	212	2569	"
TOTAL.....	2 C1 I		1,110,783.00	212 (Av)	2619 (Av)	
ARMY—OTHER RANKS BARRACKS (180 MAN)						
Chilliwack, B.C.....	1 C1 I	12- 1-51	434,335.00	180	2413	By Central Heating.
Petawawa, Ont.....	1 C1 I	23- 8-50	377,713.00	180	2098	Integral Heated.
Petawawa, Ont.....	1 C1 I	12- 1-51	405,843.00	180	2255	"
Pictou, Ont.....	1 C1 I	9-10-51	377,255.00	180	2096	By Central Heating.
Shilo, Man.....	1 C1 I	5- 9-51	577,126.00	180	3206	"
Shilo, Man.....	1 C1 I	5- 9-51	577,126.00	180	3206	Integral Heated.
Victoria, B.C.....	1 C1 I	17-10-51	454,488.00	180	2524	
TOTAL.....	7 C1 I		3,203,886.00	180 (Av)	2453 (Av)	

## ARMY—OTHER RANKS BARRACKS (SPECIALS)

Quebec, P.Q.....	1 C1 I	6-12-50	233,049.00	100	2330	By Central Heating.
Wainwright, Alta.....	1 Semi-Perm.	5- 9-51	165,639.00	228	727	Semi Perm Construction (Integral Heated)
Whitehorse, Y.T.....	1 C1 I	24-11-50	619,792.00	166	3733	Integral Heated.
TOTAL.....	3		1,018,480.00	165 (Av)	2058 (Av)	

## ARMY—OFFICERS QUARTERS

Wainwright, Alta.....	2 Semi-Perm.	19- 4-51	169,098.00	50 each	1691	
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## ARMY—OTHER RANK MESSES

LOCATION	No. of Units and Class	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Barriefield, Ont.....	1 C1	3- 8-51	207,900.00	500	416	By Central Heating.
Calgary, Alta.....	1 C1	6- 2-51	157,343.00	500	314	"
Camp Borden, Ont.....	1 C1	29-12-58	194,489.00	500	389	"
Camp Borden, Ont.....	1 C1	1- 8-51	203,734.00	500	405	"
Chiliwack, B.C.....	1 C1	9- 8-50	141,339.00	500	283	"
Petawawa, Ont.....	1 C1	12- 1-51	159,550.00	500	319	"
Petawawa, Ont.....	1 C1	20- 7-51	237,361.00	500	455	"
St. Jean, Que.....	1 C1	22-10-50	220,510.00	500	441	"
Pictou, Ont.....	1 C1	9-10-51	216,500.00	500	421	"
Shilo, Man.....	1 C1	21-12-50	179,885.00	500	360	"
Shilo, Man.....	1 C1	21-12-50	185,885.00	500	372	"
Victoria, B.C.....	1 C1	17-10-51	205,525.00	500	411	"
Whitehorse, Y.T.....	1 C1	11- 7-51	366,840.00	500	734	"
TOTAL.....	13 C1		2,676,861.00	500 (Av)	409 (Av)	

## LAND AND BUILDINGS PURCHASED FROM 1 NOV. 1951 TO 31 JANUARY 1952

## DEFENCE EXPENDITURE

LOCATION	Force	Purchase Price	From Whom Purchased	Date of Purchase*	Purpose
Barriefield, Ont.	Army	Not settled	Expropriation	1 Nov 51	Additional land training area
Bedford Basin, Navy Island, N.S.	Navy	Est. cost \$1,500	Estate of William Glassy	19 Nov 51	Magazine Safety area
Cobourg, Ont.	Army	Not settled	Expropriation	17 Dec 51	Ordnance Depot site
Calgary, Alta.	Army	Not settled	Expropriation	10 Nov 51	Additional land M.Qs
Calgary, Alta.	Air	\$18,895 50	Royal Trust Co.	10 Dec 51	Supply Depot Expansion
Centralia	Air	Not settled	Lulu Kirk	5 Oct 51	Well site
Comox	Air	\$4,500 00	W. G. Hilder		
		6,500 00	T. C. Kennelly		
		6,000 00	D. H. Hamilton		
		1,650 00	T. F. Hudson		
		850 00	H. L. Davies		
		3,500 00	H. B. A. Vogel	8 Nov 51	Married Quarters
Downsview	Air	Not settled	De Havilland Aircraft Co.	30 Oct. 51	Aerodrome Development
Foymount	Air	\$250 00	L. P. Theriault	13 Dec 51	Railway Siding
Gimli	Air	Not settled	Owner Unknown	23 Jan 52	Road
		\$2,844 00	S. Dell		
		13,000 00	W. Ewanchuk		
		23,500 00	F. O. Clark & Co.	10 Nov 51	Married Quarters
Greenwood	Air	4,000 00	B. A. Walrod		
		19,000 00	A. F. Marshal		
		1,000 00	K. R. Bowlby		
		4,000 00	J. Ryan		
		3,700 00	E. L. Shaw		
		100 00	K. A. Walcroft		
		1,260 00	F. Dowling	13 Dec 51	Married Quarters
		750 00	F. Annis		
		6,300 00	C. B. Johnson		
		750 00	Mrs. H. Baker		
		10,010 00	F. Willis		
		400 00	A. L. Hudgins		
Halifax, NS.	Army	110,000 00	RC Episcopal Corp., Halifax	13 Nov 51	Armoury
Kamloops, B.C.	Navy	5 00	George Lockie	29 Nov 51	Pump House and Pipe Line Site
Kamsack, Sask.	Army	1 00	Town of Kamsack	3 Nov 51	Armoury
London, Ont.	Army	65,000 00	Doyle Equipment Ltd.	16 Oct 51	Armoury
Midland, Ont.	Army	5,324 00	Town of Midland	8 Feb 51	Armoury
Mont Joli	Air	Not settled	Owners Unknown	13 Nov 51	Runway Extension
Namao	Air	Not settled	F. McDonald	20 Nov 51	Aerodrome Expansion
Niagara Falls, Ont.	Army	\$75,000 00	Frontier Recreations & Promoters Ltd.	6 Nov 51	Armoury

APPENDIX 13—*Con.*

## LAND AND BUILDINGS PURCHASED FROM 1 NOV. 1951 TO 31 JANUARY 1952

LOCATION	Force	Purchase Price	From Whom Purchased	Date of Purchase*	Purpose
Newport Corner, N.S.....	Navy	\$ 10 85	Raymond A. Dunbar.....	31 Dec 51	Pump House Site
Ottawa, Ont.....	Army	43,000 00	Woods Mfg. Co.....	15 Oct 51	RCEME Workshop site
Penhold.....	Air	24,020 50	N. L. & W. Wells.....	20 Nov 51	Flightway Clearance and MQs.
Point Petre, Ont.....	Army	4,275 00	Q. J. Minaker.....	9 Oct 51	Additional land for Arty. Range
		1,920 00	S. B. Cole.....	12 Sep 51	"
		1,088 00	K. A. McConnell.....	6 Oct 51	"
		750 00	C. N. Tripp.....	2 Aug 51	"
		2,200 00	L. M. McIntosh.....	10 Oct 51	"
		6,800 00	L. M. & A. McIntosh.....	10 Oct 51	"
		99,005 00	City of Quebec.....	19 Dec 51	Armoury
Quebec City, P.Q.....	Army	285,000 00	Expropriation.....	11 Jan 52	PMQ site
Quebec City (St. Foy).....	Army	14,000 00	Fern V. Hill.....	26 Feb 51	Area commander residence
Regina, Sask.....	Army	25,000 00	Shawinigan Water & Power Co.	12 Jan 52	Armoury site
Shawinigan Falls, P.Q.....	Army	28,000 00	Frost & Wood Co. Ltd.....	16 Jun 50	Armoury
Smith Falls, Ont.....	Army	80,000 00	Winters Transport Ltd.....	4 Oct 51	Armoury
St. Catharines, Ont.....	Army	1 00	Town of St. Marys.....	29 Aug 50	Armoury
St. Marys, Ont.....	Army	3,317 50	Prov. of Ontario.....	31 Jan 52	Rifle range and training area
Sudbury.....	Army	Not settled	A. Dowler.....	7 Dec 51	Sewage disposal plant
Uplands.....	Air	\$300 00	D. B. Reid & G. R. Armstrong	11 Dec 51	Beacon site
		136 00	W. A. Carr.....	13 Dec 51	Beacon site

\* *Date of purchase* is the date of acquisition of title, either by transfer of Deed or registration of Expropriation.



## APPENDIX 13—Con.

LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT JAN 31, 1952.

LOCATION	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease*	PURPOSE
Aklavik, N.W.T.	Navy	\$40 per month.	From July 1, 1951 month to month not exceeding 9 months	Naval Warehouse
Antigonish, N.S.	Army	\$2,262 50	Yearly from 1 Apr 51	COTC Accn.
Brockville, Ont.	Army	240 00	1 Yr from 10 Jan 52	Land for military camp.
Brandon, Man.	Army	500 00	1 Yr from 1 Nov 51	Recruiting Office.
Borden, Alta.	Army	1,080 00	1 Yr from 1 Dec 50	RF Accn.
Charlottetown, P.E.I.	Army	1,200 00	1 Yr from 23 May 51	RF Accn.
Cowansville P.Q.	Army	Free.	From 20 Nov 51	RF Accn.
Carleton Place, Ont.	Army	\$300 00	Month to month	RF Accn.
Dawson Creek, B.C.	Army	1 00	1 Yr from 1 Apr 51	Site for RCASC Garage, ROEME Workshop and Spur Track No. 3.
Etobicoke, Ont.	Army	27,080 04	5 Yrs from 1 Jan 52	Medical Stores
Fort William, Ont.	Army	2,100 00	1 Yr from 1 Dec 51	Recruiting Office
Fort Frances, Ont.	Army	780 00	1 Yr from 15 Nov 51	Recruiting Office
Gravelbourg, Sask.	Army	500 00	From 1 Jan 51	RF Accn.
Halifax, N.S.	Army	2,205 00	5 Months from 1 Dec 51	Movement Control Group
Kimberley, B.C.	Army	2,400 00	1 Yr from 1 Sep 51	RF Garage
Kenora, Ont.	Army	420 00	1 Yr from 15 Oct 51	Recruiting Station
Montreal, P.Q.	Air	\$1,200 00 p.m.	From 1 Dec 51 for 7 months	Storage accommodation
Marathon, Ont.	Army	1,800 00 yearly	Month to month from 1 Jul 51	RF Accn.
Neepawa, Ont.	Army	\$780 00	1 Yr from 1 Sep 51	Recruiting Station
Ottawa, Ont.	Army	1,200 00 yearly	1 Yr from 1 Sep 51	COTC Accn.
Ottawa, Ont.	Army	\$1,560 00	1 Yr from 1 Jun 51	RF Accn.
Parry Sound, Ont.	Army	900 00	1 Yr from 1 Jun 51	RF Accn.
Pine Falls, Man.	Army	720 00	1 Yr from 1 Sep 51	RF Accn.
Petitcodiac, N.B.	Army	180 00	From 1 May 51	RF Accn.
Regina, Sask.	Army	3,920 16	1 Yr from 18 Apr 51	Special Force.
South Pender Island, B.C.	Navy	100 fixed rental for period 15 May to 31 Aug, 1952.	15 May to 31 Aug 1952.	Naval Training Field.
Strathmore, Alta.	Army	\$416 00	1 Yr from 1 May 51	RF Accn.
Terrace Bay, Ont.	Army	180 00	1 Yr from 1 Aug 51	RF Accn.
Vegreville, Alta.	Army	36 00 (3 mths only)	From 1 Jan 52 to 31 Mar 52	Storage of RF Vehicle
Westlock, Alta.	Army	900 00 yearly	1 Yr from 15 Aug 51	RF Accn.
Winnipeg, Man.	Army	\$1,800 00	1 Yr from 16 Jul 51	Recruiting Station

\* Date of Lease is the date of commencement rather than the date of signature.

APPENDIX 13—*Con.*

## LANDS AND BUILDINGS LEASED SINCE APRIL 1950 BUT SINCE TERMINATED

LOCATION	Force	Total rental paid	Date of Lease	Date of Termination	Purpose
Calgary, Alta.....	Air	\$1,000 per annum.	1 Feb 45	9 Dec 51	Supply Depot Accommodation (Property Purchased)
Dauphin, Man.....	Army	\$120 00	1 Nov 47	31 Jan 52	RF Garage
Langham, Sask.....	Army	200 00	26 Oct 50	26 Oct 51	RF Garage
Renfrew, Ont.....	Army	144 00	30 Sep 50	30 Sep 51	RF Garage
Strathroy, Ont.....	Army	300 00	1 Dec 47	30 Nov 51	RF Garage

## Correction

In *Part III* of Appendix M, page 177, the reference to the second item concerning Victoria, B.C. should read:  
 \$200 00 15 May to 31 Aug.  
 in 1950 and 1951

Training Field.

REPRINT OF

**Minutes of Proceedings and Evidence  
Nos. 1, 2, 3 and 4**

OF THE

**SPECIAL COMMITTEE ON DEFENCE  
EXPENDITURES**

(Second Session — 1951)

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(Referred by the House on April 22 and reprinted as authorized  
by the Committee)



SPECIAL COMMITTEE

on

DEFENCE EXPENDITURE

*Chairman:* Mr. D. A. CROLL

*Vice-Chairman:* Mr. Pierre GAUTHIER

and Messrs.

Adamson  
Balcom  
Blanchette  
Campney  
Cavers  
Churchill  
Drew  
Fulton  
George  
Harkness  
Henderson  
Hunter

James  
Jones  
Macdonnell (*Greenwood*)  
MacDougall  
McCusker  
McIlraith  
Pinard  
Power  
Quelch  
Stick  
Weaver  
Wright

*Clerk:* Antonio PLOUFFE

## ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, November 13, 1951.

*Resolved*,—That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the committee shall consist of twenty-six Members to be designated by the House at a later date.

WEDNESDAY, November 21, 1951.

*Ordered*,—That the following Members do comprise the Special Committee on Defence Expenditure as provided for in the Resolution passed by the House on Tuesday, November 13, 1951: Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pearkes, Pinard, Power, Stewart (*Winnipeg North*), Stick, Thomas, Weaver.

WEDNESDAY, November 28, 1951.

*Ordered*,—That the name of Mr. Adamson be substituted for that of Mr. Pearkes on the said Committee.

THURSDAY, November 29, 1951.

*Ordered*,—That the said Committee be authorized to sit while the House is sitting.

*Ordered*,—That the said Committee be authorized to print from day to day such copies in English and French of its Minutes of Proceedings and Evidence as the Committee may deem expedient, and that Standing Order 64 be suspended in relation thereto.

MONDAY, December 3, 1951.

*Ordered*,—That the name of Mr. Quelch be substituted for that of Mr. Thomas; and

*Ordered*,—That the name of Mr. Wright be substituted for that of Mr. Stewart (*Winnipeg North*) on the said Committee.

Attest.

LÉON J. RAYMOND,  
Clerk of the House.

## REPORT TO THE HOUSE

THURSDAY, November 29, 1951.

The Special Committee on Defence Expenditure begs leave to present the following as its

## FIRST REPORT

Your Committee recommends that it be empowered

1. To sit while the House is sitting.
2. To print from day to day such copies in English and French of its minutes of proceedings and evidence as the Committee may deem expedient.

All of which is respectfully submitted.

D. A. CROLL,  
Chairman.



## MINUTES OF PROCEEDINGS

THURSDAY, November 29, 1951.

The Special Committee on Defence Expenditure held an organization meeting at 10.00 o'clock a.m.

*Members present:* Messrs. Blanchette, Campney, Cavers, Churchill, Croll, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Stick, Thomas, Weaver—20.

On motion of Mr. Cavers, seconded by Mr. Stick,

*Resolved*,—That Mr. Croll be elected Chairman.

Mr. Croll took the chair and suggested that a Vice-Chairman be elected.

On motion of Mr. McCusker.

*Resolved*,—That Mr. Gauthier (*Portneuf*) be elected Vice-Chairman.

The Chairman read the Order of Reference.

On motion of Mr. McCusker.

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

After discussion, and on motion of Mr. Macdonnell,

*Resolved*,—That the Committee ask leave to print from day to day such copies in English and French of its minutes of proceedings and evidence as the Committee may deem expedient.

On motion of Mr. MacDougall,

It was decided to appoint a subcommittee on agenda of 9, the Chairman to designate the members.

After a brief discussion on further procedure the Chairman designated forthwith Messrs. Branchette, Campney, Gauthier (*Portneuf*), Harkness, Jones, McIlraith, Macdonnell and Thomas, as members of the subcommittee on Agenda to remain for the first meeting.

At 10.15 o'clock a.m., the Committee adjourned to the call of the Chair.

SATURDAY, December 1, 1951.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. D. A. Croll, Chairman, presided.

*Members present:* Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Gauthier (*Portneuf*), George, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Stick, Quelch, Weaver, Wright. (22).

*In attendance:*

*From the Department of National Defence:* Messrs. C. M. Drury, Deputy Minister, E. B. Armstrong, Assistant Deputy Minister (Finance), R. S. Sutherland, Head of Parliamentary Returns, A. S. Duncan, Head of Deputy Minister's Secretariat, R. C. Playfair, Chief Treasury Officer.

*From the Department of Defence Production:* Messrs. M. W. MacKenzie, Deputy Minister, T. N. Beaupre, Special Assistant.

*From the Department of Finance:* Mr. R. B. Bryce, Assistant Deputy Minister and Mr. B. G. McIntyre, Comptroller of the Treasury.

The Chairman presented the First Report of the Sub-Committee on Agenda, which was adopted on motion of Mr. MacDougall, as follows:

#### FIRST REPORT

Your Subcommittee on Agenda held a meeting on Thursday, November 29th, the following Members having been designated to constitute with the Chairman the said Committee: Messrs. Blanchette, Campney, Gauthier (*Port-neuf*), Harkness, Jones, Macdonnell, McIlraith and Thomas.

Your Subcommittee on Agenda recommends:

1. That officials of the Department of National Defence (Messrs. C. M. Drury, Deputy Minister, E. B. Armstrong, Assistant Deputy Minister (Finance); the Department of Defence Production (Mr. M. W. MacKenzie); the National Defence Research Board (Dr. O. M. Solandt); the Department of Finance (Mr. R. B. Bryce) and (Mr. B. G. McIntyre) be heard in the above order with respect to:
  - a. The general method of affecting expenditure and commitments therefore.
  - b. The procurement procedure.
  - c. The controls over expenditure.
2. The talking of expenditure under such headings as equipment, training, press and information; cost of administration, personnel and such other statements as the Committee may direct to be tabled from time to time.

Your Subcommittee on Agenda notes that the Order of Reference as passed by the House mentions defence expenditure and commitments therefor since March 31st, 1950.

With respect to printing, on motion of Mr. Stick,

*Resolved*,—That the Committee print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence.

The Chairman announced that Messrs. Quelch and Wright had replaced Messrs. Thomas and Mr. Stewart (*Winnipeg North*) on the Committee.

Mr. C. M. Drury was called. He read a prepared statement and was examined.

He commenced by referring to photostatic copies of two Charts identified as follows:

Chart No. 1—Organization for Defence Planning in Canada.

Chart No. 2—Organization of Department of National Defence.

The tabling of information was requested by Messrs. Stick, Churchill, Wright, Jones, Croll and Macdonnell.

The witness was directed to produce the information requested.

With reference to Chart No. 2, Mr. Drury was asked to prepare a table giving the names of those holding the offices mentioned therein.

At 12.45 o'clock p.m., Mr. Drury's examination still continuing, on motion of Mr. Stick, the Committee adjourned until Thursday at 11.00 o'clock a.m., to hear Mr. N. W. MacKenzie.

ANTONIO PLOUFFE,  
Clerk of the Committee.

VERBATIM DELIBERATIONS  
(Organization Meeting)

NOVEMBER 29, 1951

10.30 A.M.

The CHAIRMAN: There is a little preliminary work to do. I think we should have a vice chairman.

Mr. McCUSKER: I would move Dr. Pierre Gauthier.

The CHAIRMAN: Moved by Mr. McCusker, seconded by Mr. Cavers.

Carried.

The order of reference is:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the committee shall consist of twenty-six members to be designated by the House at a later date.

I think the committee will forgive me if I say this: I recommend that every member of the committee re-read the Hansard report of November 13. You will find there on the motion for setting up this committee speeches by the Prime Minister and leaders of the other parties. From that you will draw some conclusions that will be useful to you in the course of the committee proceedings. My own conclusion after reading very carefully the expressions of opinion was—that the committee would be a watch-dog for the taxpayer.

I think we all agree that the taxpayers are spending large sums of money on national defence. They want to know if they are receiving full value for their money. I think, gentlemen, within the scope of the reference we must not only be thorough but fearless to give the taxpayer all the information and protection he deserves. He is the man who is paying the shot. I do hope, gentlemen, in this very important committee we can park our partisan mantles in the corridors before coming in and perhaps put them on when we go out again. This is a very important committee to the taxpayer and to us individually. I hope we can conduct proceedings on a sound non-partisan basis.

Now, we require certain resolutions. Do we want to sit while the House is sitting?

Mr. CAVERS: Yes.

The CHAIRMAN: We have to be a little careful on that, Mr. Cavers. I think that is something on which all members should express an opinion because there are sitting the combines committee, the radio committee, this committee and others.

Mr. HARKNESS: Mr. Chairman, I think we should try as far as possible to sit while the House is not sitting. If it becomes necessary because we have a certain witness who it is not advisable to stand over until another day, I think it is quite all right, but I think as a general practice we should try to hold meetings while the House is not sitting.

Mr. JONES: I agree.

Mr. STICK: I wouldn't make that a hard and fast rule; if you move that resolution you are bound by that.

Mr. HARKNESS: There is no resolution.



The CHAIRMAN: We need power to sit while the House is sitting. I would ask someone to move that.

Mr. McILRAITH: Just before you make that request, if I understand Mr. Harkness' position rightly, that is not your situation; you do not want the power at the moment. Would you prefer the power now?

Mr. HARKNESS: I think we should have the power all right, but the general policy should be not to use it unless it is necessary.

Mr. McCUSKER: I move the committee be given power to sit while the House is sitting at the discretion of the chair.

The CHAIRMAN: That the committee be given power to sit while the House is sitting.

Mr. McILRAITH: You have to get that authority from the House.

Agreed.

The CHAIRMAN: With respect to printing, gentlemen, I haven't the slightest idea and no one could give me any idea what we will require. What I would like is for you to give the chairman a sort of blanket authority in consultation with the clerk, and I will report back to you. We will print what we need.

Mr. MACDONNELL: I move that.

The CHAIRMAN: That the committee be empowered to print blank copies in English and French and that Standing Order 64 be suspended.

Mr. MACDONNELL: Is that the way you are putting it, "blank copies"?

The CHAIRMAN: Until I fill it in.

Mr. McILRAITH: There is another way of putting that—as the members of the committee from time to time decide. That gives you control because you can run into careless expenditure by having a fixed number ordered.

The CHAIRMAN: All right. Such numbers as the members of the committee decide from time to time.

Carried.

Now, we require an agenda committee and a steering committee. How many would you like on that? Suppose you pass a resolution to appoint a steering committee and I will then contact the various groups and ask for their nominees. In the light of their requests, I will appoint a steering committee. Will you give me the names sometime this afternoon because I want to call them together very soon.

Mr. McILRAITH: I wonder before you leave that if it would be helpful for the steering committee to meet as soon as possible so you can get whatever witnesses you want to start with and have them made available for the sitting.

The CHAIRMAN: I suppose the steering committee could meet at 6 o'clock tonight. We could perhaps meet for fifteen or twenty minutes and lay out schedules.

Mr. McILRAITH: That is a bad hour.

The CHAIRMAN: All right, we will have to do it tomorrow.

Mr. McILRAITH: Could we not meet say at 5.30?

The CHAIRMAN: Is that any better?

Mr. McILRAITH: Yes, a lot better.

Th CHAIRMAN: All right; the clerk will let you know where.

Now, gentlemen, that completes our organization. I do not suppose there is anything for us to do until we have the steering committee meeting and decide upon a course of action.

Mr. CAMPNEY: Do you not have to deal with the question of a quorum?

The CHAIRMAN: My own feeling is that this is the sort of committee that of itself should be a quorum. I do not think we should have any smaller group, I think we should all be here. We just need fourteen members for a quorum. There are twenty-six, a majority is fourteen. Is that agreeable to the committee?

Agreed.

Mr. McCUSKER: Since this meeting has lasted only fifteen minutes why couldn't you have the steering committee meet this morning?

The CHAIRMAN: You mean at this time?

Mr. McCUSKER: Yes.

The CHAIRMAN: That is a very good idea.

Meeting adjourned.





## EVIDENCE

December 4, 1951

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. First, we have two changes on the committee. Mr. Quelch has been substituted for Mr. Thomas, and Mr. Wright for Mr. Stewart. Secondly, we have the first report of your sub-committee on agenda and procedure, which reads as follows: (see minutes of proceeding).

Mr. MACDONNELL: Mr. Chairman, are you suggesting that all of that detail was arranged at the short talk we had the other day, that all of the officials named be called in this order?

The CHAIRMAN: Yes, that was understood, that we would call them in that order. It was in the steering committee that we arranged for them to be called in that order. That is what I understood. I made the arrangements on that understanding.

It is moved by Mr. MacDougall, that the first report of the steering committee be adopted.

Carried.

We left open at the last meeting the question of the number of copies of our minutes to be printed. It is suggested that there be five hundred printed in English and two hundred printed in French.

Mr. STICK: I move that that motion be adopted.

The CHAIRMAN: Moved by Mr. Stick and seconded.

Carried.

We have with us this morning Mr. Drury.

Mr. MACDOUGALL: Would it be in order at this stage to ask you to read the terms of reference before we start?

The CHAIRMAN: The terms of reference to this committee are as follows:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the House at a later date.

It is intended this morning that Mr. Drury make a statement. He has prepared one. Unfortunately, I could not get it to you any sooner. I did not have one till this morning. I suggest, gentlemen, that we hear out this statement and then question him on it. You can be as long or short as you like, but give everybody an opportunity to question him, please. First, however, let us hear him out on this statement and make your notes while he is reading it, please.

**Mr. C. M. Drury, K.C., C.B.E., D.S.O., E.D., Deputy Minister of National Defence, called:**

The WITNESS: Mr. Chairman, I have a couple of charts at the end of the room and duplicates of it, which I suggest might be issued to the committee. There are two charts in this set.

The purpose of the statement and these charts is to derive some kind of a brief outline of the organization of National Defence and the procedure we follow with a view to providing a framework into which members of the committee can set the particular and precise information which will come at a later time. One chart shows the committee organization and the other the executive organization. I would talk first to the one headed by the minister, with parliamentary assistants shown in the block to the right. The executive organization of the Department of National Defence is shown on this first chart. Under the minister come the various officers and officials charged with executive responsibility. The minister is assisted by two parliamentary assistants, provided for in the National Defence Act. Under him are three service chiefs of staff, the chief of naval staff, chief of general staff, for the army, and the chief of air staff, for the air force, who are, under the National Defence Act, charged with the control and administration of the navy, army and air force, respectively. Also under him is another executive officer appointed by the National Defence Act, the chairman, Defence Research Board, who is charged with responsibility for defence research. The Act also makes provision for a deputy minister, under the minister. The three services are organized on largely parallel lines. The rank of the chief of naval staff is that of vice admiral. Under the chief of naval staff is his principal assistant, the vice chief of naval staff in the rank of rear admiral. Under the chief of general staff is the vice chief of general staff with the equivalent rank of major general. Under the chief of the air staff is his assistant, the vice chief of air staff with the rank of air vice marshal. The functions or responsibilities of these three officers are to consider and provide advice to the chiefs of staff on operational planning, operations, military training and intelligence. In army terms this is what is known as the general staff side, and in the naval and air forces the operations staff.

The next man to consider is the principal personnel officer of each of the services. In the navy it is the chief of naval personnel, of the same rank as the vice chief of naval staff, a rear admiral. In the army he is called the adjutant general, a major general, and in the air force, the air member for personnel in the rank of air vice marshal. These three officers are concerned, in their respective services, with all matters concerning personnel, service appointments, promotions, and so forth.

The next of the three main heads is the equipment or materiel officer. In the navy it is the chief of naval technical services, also in the rank of rear admiral; in the army, the quartermaster general in the rank of major general; and in the air force, the air member for technical services in the rank of air vice marshal. The responsibilities of these officers are similar and cover the entire field of procurement, materiel planning and logistics generally.

In the Defence Research Board there is a somewhat similar organization. There are three main officers under the chairman of the Defence Research Board. They are headed divisions A, B and C. These divisions are by functions in relation to various fields of research, and being civilians they have no military rank. I should point out that the chairman of the Defence Research Board, while a civilian, has the rank, status and precedence equivalent to that of a chief of staff.

On the administrative side, and providing financial advice to the minister, is a deputy minister. His branch is organized by functions to be performed rather than by having separate assistants or experts in relation to each service.



On the supervisory side one is faced with a choice of providing a detailed supervision either by services or by functions. By services I mean the armed forces. We could have one man who concerns himself entirely with the functions of the air force, another with those of the army, and another with those of the navy, or a man who concerns himself with a particular field of activity in each of the three services. We have chosen the functional organization, and there is an assistant deputy minister who concerns himself with financial matters for all three services, or all three forces. The purpose of this is to achieve, as much as possible, a common uniform financial policy for each of the services, and by applying cross checks and cross tests to get a maximum of economy. There is also an assistant deputy minister (requirements). His function is to review and assess all the logistic proposals of the forces. The logistic proposals include the procurement of equipment, the scales of issue of equipment, the introduction of new designs, proposals for new construction and alteration of existing construction, and so forth. There is also an assistant deputy minister (administration and personnel). His function is general review of personnel and administrative matters.

Now, the chart we have been dealing with shows the stream of executive authority. Each of these principal officers that I have mentioned is assisted by, of course, a considerable number of senior and junior officers stemming out in the usual organizational arrangements. In order to achieve common approaches to problems, there are a number of committees which meet at regular intervals to consider and advise on joint problems, and if you turn to the second of these two charts you will see an indication of the committee method of achieving co-ordination. At the top, of course, is the cabinet. Advising the cabinet on defence matters is a cabinet defence committee, and advising the cabinet defence committee on matters of national defence is, among others, the Minister of National Defence. Advising the minister are a number of committees shown here. The first I will mention is the Defence Research Board. It is a board established under the National Defence Act and is composed of the chairman of the Defence Research Board, the vice chairman, the three chiefs of staff of the forces, the deputy minister, the president of the National Research Council, and a number of representatives of universities, industry and science appointed by the Governor in Council. This body provides advice to the minister through the chairman of the defence board, co-ordinated advice on all aspects of defence research. On the operational side is a committee known as the chiefs of staff committee, under the chairmanship of the chairman of chiefs of staff committee, an appointment also provided for under the National Defence Act. The chiefs of staff committee is composed of the chairman, the three chiefs of the armed forces and the chairman of the Defence Research Board. In order, however, to get a maximum of the best advice on any particular problem, the meetings of the chiefs of staff committee are attended by, in addition to regular members, the deputy minister of national defence, the secretary to the cabinet, and the Under Secretary of State for External Affairs. This provides for a continuous review of all operational problems.

On the administrative side is a committee known as defence council, providing advice to the minister on administrative matters. Defence council is a departmental body under the chairmanship of the minister and is composed of the parliamentary assistants to the minister, the deputy minister of national defence, the three chiefs of staff of the forces, and the chairman of the Defence Research Board. Defence council has two principal committees reporting to it, one the personnel members committee, and, secondly, the principal supply officers committee. The personnel members committee examines and considers personnel problems, is composed of the chief of naval personnel, the adjutant



general for the army, and the air member for personnel of the air force, a representative of the deputy minister, and in attendance, a representative of the chairman of the Defence Research Board. The principal supply officers committee, which is concerned with logistic problems, is composed of the chief of naval technical services, the quartermaster general, the air member for technical services, a representative of the deputy minister, and assisting or in attendance a representative of the chairman of the Defence Research Board. The chairmanship of these two committees is held by one of the principal supply officers of one of the three forces on a rotational basis. Each force takes the chair for a year.

That, in outline, are the principal elements of the machinery for achieving co-ordinated review of our problems. Needless to say, under each of these main committees there are a considerable number of subcommittees which examine the detailed aspects of particular questions.

Mr. Chairman, if I might go on with the prepared statement now I will deal with some of the procedures that are followed in the control of expenditures, I would suggest I might read, beginning on page 4 with the item headed "estimates".

### *Estimates*

The estimates, when approved by Parliament, provide the financial plan for the department for the fiscal year. They comprise the authorized expenditures to be made during the fiscal year and the authorized commitments to be incurred in the placement of contracts that will come due for payment in a future fiscal year. The sum total results from a costing of the manpower and material requirements to implement the defence program. They are assembled in the first instance for each service by its budget officer based on information supplied by the branches of the Service responsible for the various parts of the plan. They are reviewed by each chief of staff, and subsequently by the deputy minister and then by the minister in consultation with these officers. During these various stages they are examined by officials of the deputy minister's branch and treasury officials. Officials of the Department of Defence Production are also consulted with respect to supply items. The costed program is then examined by the cabinet defence committee and the cabinet, when any outstanding questions of policy are settled. The details are finally reviewed by the Treasury Board. Any changes in the detailed estimates as approved that may be required in the course of the year are subject to the same kind of examination and review. These estimates become the basis of treasury appropriation. Accounting and issues of moneys are governed by the provisions of the Consolidated Revenue and Audit Act.

### *Pay and Allowances*

Under the National Defence Act the Governor in Council authorizes rates of pay and allowances for the forces. In 1946, a review was made of the pay and allowances of all three services by a committee which was directed to report to the Treasury Board on methods of simplifying the pay structure, of obtaining uniform rates of pay and allowances for the three services and rates that would provide servicemen with remuneration that compared fairly with earnings in equivalent civilian occupations. As a result of this committee's report, rates were established for servicemen in which the basic elements are pay for rank, trades pay for trade qualifications, subsistence allowance where quarters and rations are not provided by the service, marriage allowance and separated family allowance, where the serviceman, because of service requirements, is separated from his family.

For comparison with civil earnings, pay, including trades pay, subsistence allowance and the estimated value of personal clothing and medical and hospitalization services, is used. Marriage allowance is provided as an extra compensation for the expense and inconvenience occasioned the married serviceman and his family by the moves that are a part of service life.

Since October 1946 the rates have been reviewed periodically and revised upwards in 1947, in 1948 and in 1950 in accordance with increased civilian earnings.

There are also various additional rates of pay and allowances for special purposes. These include risk pay for aircrew, submarine duty and parachute jumping, and foreign service allowances for officers and men serving abroad.

These rates are under constant review by the service officers responsible, coordinated by the personnel members committee. Under this committee's direction, subcommittees coordinate inter-service examination of trades pay, pay regulations and various other personnel matters.

Pay is issued twice monthly and changes in entitlement are authorized in daily orders issued by each service and recorded in the pay accounts. Each service maintains its own pay accounts. Control is accomplished in each service by the maintenance of independently developed control ledger accounts against which the accounts maintained in the field are compared. In addition, internal audits are conducted by the services and also by the deputy minister's auditors.

When travelling on duty, service personnel are paid *per diem* travelling allowances except on rare occasions where the duty is such that these are not suitable and, in these cases, actual expenses are paid. The rates of travelling allowances are authorized by the Governor in Council and, where actual expenses are paid, authority of the Governor in Council must be obtained for this arrangement. Special rates for military travel on railways in Canada are authorized by the Governor in Council under section 351 of the Railway Act. Reimbursement expenses of moving dependents from one place of duty to another, as well as furniture and household effects, are authorized under regulations approved by the Governor in Council. *Per diem* travelling allowances are applied to these moves also.

### *Establishments*

Within the total manpower figures for the authorized defence program, the minister, subject to the concurrence of the Minister of Finance, approves the number of officers and servicemen in each rank and trade group. A review of establishment requirements is made annually for this purpose. Within the approved framework, each service determines the distribution of personnel within its various units. Each service has an establishment or complement committee which examines and approves unit establishments within authorized ceilings. Officials of the deputy minister's staff participate in these examinations as well as officials of the Civil Service Commission where civilian employees are concerned.

### *Civilian Employees*

These, broadly speaking, are divided into three categories; civil servants, prevailing rate employees and casual labour. The former are employed in accordance with procedure laid down under the Civil Service Act and regulations. Positions and salary rates are approved by the Treasury Board. The prevailing rates staff and casuals are paid at rates established by the Treasury Board on the recommendations of the Department of Labour. The conditions of employment of these prevailing rate staff are governed by general regulations laid down by the Governor in Council.



### *Materiel Requirements*

The user service or user force is responsible for furnishing detailed specifications for items to be acquired. Specifications or standards common to the three services have been developed for most items in common use. The kind and quantity of materiel required is developed by service officers and after requisite review by the deputy minister and the minister, recorded in equipment tables and scales of issue. Common user items are screened by the principal supply officers committee with the object of achieving uniformity and economy.

Procurement of stores or equipment is initiated by each force. Proposals for procurement are reviewed by the deputy minister. If the estimated cost of the stores or equipment to be procured exceeds \$50,000 the specific authorization of the minister must be obtained. Where procurement is authorized, contract demands are passed to the Minister of Defence Production. Each contract demand must be certified by an officer of the Comptroller of the Treasury as to availability of funds. These certificates are issued against commitment authorizations as provided in the defence vote, and while the total amounts covered by such certificates may exceed the amount of cash appropriated for the fiscal year, they are limited by the commitment authorization granted. Within financial limits authorized by the deputy minister, senior officers in the commands are authorized to raise contract demands on the local officer of the Department of Defence Production to procure local requirements. To meet emergencies, senior officers in commands are also authorized to procure directly from the trade within limits set by the deputy minister, and approved by the Department of Defence Production.

When the Minister of Defence Production has made appropriate arrangements to procure by purchase, manufacture or otherwise, the items requested, a copy of the acceptance of tender of contract entered into is sent to the Chief Treasury Officer of the Department of National Defence, the Controller General of Inspection Services and the department itself for record purposes. Where the contract provides for progress payments, the progress accounts are audited by an officer of the Comptroller of the Treasury before payment is made. No stores, supplies or equipment are accepted by the department which have not been inspected and found to be satisfactory.

When stores, supplies, or equipment are received by the services, they are immediately taken on charge by the appropriate service authorities and invoices are duly certified by the receiving officer that the goods have been received, are in accordance with the contract and have been taken on charge. In the case of services rendered, the certificate must indicate that these have been completed satisfactorily to the amount claimed. The certified invoices thereafter are passed to the Treasury Officer who satisfies himself that they are in order and makes the actual payment.

### *Construction and Acquisition of Property*

Plans and specifications for construction are provided, as in the case of equipment and stores, by the user services. The design and engineering work may be undertaken either by the services themselves or by contract. Common user items are examined by the joint services accommodation committee with the object of achieving uniformity and economy. The construction programs are examined in detail by the deputy minister's staff and also by the Treasury Board before approval. The procedure relating to requisitions, contract demands and financial encumbrances is similar to that described for the procurement of stores and equipment. Contracts are placed by Defence Production Limited acting for the Minister of Defence Production. The right of inspection of all work arranged by Defence Production Limited rests with service engineers but supervision is carried out by Defence Production Limited.



Contracts for the construction of married quarters for servicemen follow a similar procedure except that they are arranged directly by Central Mortgage and Housing Corporation on request of the Department of National Defence. Minor construction may be carried out directly by service engineers or by contracts placed by the Department of Defence Production. Officers Commanding are authorized to approve locally urgent limited maintenance projects falling within the approved framework of maintenance plans.

In the case of aerodrome development, the Department of Transport undertakes the placing and supervision of this type of construction for the Department of National Defence on requisition and supply of funds for the purpose from defence appropriations.

When property is to be acquired, an evaluation based on survey is made by independent authorities in order to verify that the price proposed is fair and reasonable. The Department of Transport frequently acts as agent for the Department of National Defence in the acquisition of land. In some cases, small areas are handled through the agency of the Director, Veterans Land Act, who either obtains options or provides the Department of National Defence with valuations. Properties in urban municipalities are acquired either through the Department of Public Works acting as agent for the Department of National Defence or directly by National Defence following appraisal by real estate authorities. When independent realtors are employed to provide valuations or negotiate purchase options, they are paid the regular fee established for these services. In all cases, approval of the Governor in Council is obtained and final settlement is arranged through an agent appointed by the Department of Justice.

#### *Utilities*

Provision of utilities is arranged either as an element of the construction contract covering the building for which the utilities are needed, or through supply by municipal or private utilities. When the services are obtained from municipal or commercial sources, the department pays the standard tariffs or special rates that may be negotiated.

#### *Printing and Stationery*

All printing and stationery required by the Department of National Defence is procured through the King's Printer. Requisitions covering requirements, approved by the deputy minister or an official approved by him to act on his behalf, are made to the King's Printer, certified as to funds available by the chief treasury officer. These requisitions are forwarded to the Director General of Office Economies Control in the Department of Finance for approval before reaching the King's Printer for procurement. Invoices for payment are checked by the King's Printer and passed to the Chief Treasury Officer of the Department of National Defence for payment.

#### *Other Expenditures*

It would take a great deal of time indeed to attempt to cover all of the varied expenditures of National Defence in a general statement of this kind. There are many items of expenditure such as fees for course, damage claims, professional fees, grants to military associations which are provided for in estimates on the basis of past experience and adjusted to forecast needs. Expenditures are controlled by regulations established by the Governor in Council or by the specific approval of the Governor in Council.

There is one other type of expenditure that perhaps should be mentioned arising out of the supply of Canadian forces overseas through the logistic facilities of other nations. Where satisfactory agreements can be made, payment for these supplies is arranged on the basis of capitation rates. This is

the system used during the last war. Under such an arrangement, costs are estimated on a man-day basis and after agreement by both governments concerned, payment for the supplies received is settled in accordance with these rates. This procedure eliminates the necessity of operational units keeping detailed accounts for settlement on an actuals basis.

*Expenditures for Supplies and Services Provided Members of the  
North Atlantic Treaty Organization*

The Defence Appropriation Act, 1950, appropriated funds for the purpose of providing members of the North Atlantic Treaty Organization with equipment, supplies and services. Transactions on this account can be classified into three categories:—

- (a) Transfer of equipment from existing stocks;
- (b) Training of pilots and navigators for members of the North Atlantic Treaty Organization;
- (c) Transfer of equipment from new production in Canada.

All transfers of equipment and allocations of training vacancies have been made on the basis of recommendations of the Standing Group. With respect to the transfer of equipment from existing stocks the Appropriation Act provides that the estimated present value of the equipment or supplies shall be charged to the appropriations and a corresponding amount shall be paid into a special account in the Consolidated Revenue Fund which may be used at any time, subject to the approval of the Governor in Council, to purchase equipment and supplies for the naval, army or air services of the Canadian Forces. Equipment transferred has been valued at the estimated cost of similar equipment to replace it. Valuations established for a particular item are used for all subsequent transfers.

This outline of the organization of National Defence headquarters and the procedures followed in achieving control of expenditures will, I would hope, when supplemented by the remarks of representatives of the other government departments concerned, enable the committee to have a general picture of the machinery used in relation to defence expenditures.

Mr. MACDONNELL: There is one question.

The CHAIRMAN: Just one moment, Mr. Macdonnell.

The WITNESS: I regret to say I omitted one very important function in dealing with the first chart. Under the heading "Deputy Minister", on the righthand side of the little boxes are shown the inspection services headed by a controller general of inspection services. This is a body which provides for the inspection, as to quality and conformity with specifications, of all the equipment procured by the department, and their approval is a condition prerequisite to acceptance and payment.

Mr. MACDONNELL: Mr. Chairman, there is one question that arises. There, no doubt, will be many more, but the one that occurs to me immediately is suggested by page 7 (of the witness' prepared statement) and it is a question of how far the practice of calling for tenders is followed. I realize that there has been some special legislation in the matter and I realize also that there may be special cases where tenders are not suitable. However, I would like to find out what the practice is. While I am asking that question let me raise another one. At the beginning of the paragraph (of the prepared statement)—"if the estimated cost of the stores or equipment to be procured exceeds \$50,000 the specific authorization of the minister must be obtained."

I am just wondering if the army, being as it is, would not find it possible to make the amount of stores or equipment required just a little less than \$50,000 and then perhaps add another \$50,000 and another \$50,000. I would just like to know exactly how much, or in how many cases the figure is below



\$50,000 and how much is approved by the minister? The other question, and more important to me, is the question of tendering. If I read this page correctly, we are getting further and further away from the salutary check of tenders.

The CHAIRMAN: Mr. Macdonnell, please let us have comments at a later stage. Put the question to the witness now.

The WITNESS: Mr. Chairman, in response to the first question I would think this could be more properly answered by the Department of Defence Production. We let no contracts and call for no tenders.

*By Mr. MacDonnell:*

Q. Well, I do not want to press it if Mr. Drury does not want to answer.—A. It would seem to me a little inappropriate to talk to that portion.

Q. May we have the answer from the Defence Production officials.

The CHAIRMAN: From that question there will arise other questions so perhaps you could save that point for later.

Mr. MACDONNELL: Well, on the question of the \$50,000 I would think that Mr. Drury would be very familiar with it.

The CHAIRMAN: So would you, as an old army officer!

Mr. MACDONNELL: I was only small stuff.

The WITNESS: In respect of the \$50,000 limit there is always the possibility of those seeking to acquire goods or services breaking down what is in effect one item into a number of small ones. It is something which both the Quartermaster General and the Chief of Naval Technical Services and the Air Member for Technical Services endeavour to prevent.

*By Mr. Macdonnell:*

Q. You have put your finger on it. What is an item? That is what I am not clear about?—A. We would regard an item as anything which is a whole in itself. Now, to take an example: shoes come in pairs and it would not be possible to buy shoes one at a time in order to get below the limit. Nor could you buy half a tank.

The possibilities, perhaps, for this type of breakdown would occur more in repair or maintenance projects where it would be possible to divide up, for example this room, when either refurnishing or redecorating it; to divide it into a number of separate items. Now, if those were to come forward in this way, those charged with review would regard the changing of this room as an item—and not look at the provision of straight backed chairs as one item, the provision of arm chairs as one item, and the changing of the panelling as another. The alteration of the room would be regarded as a single item and a single project.

Q. Could Mr. Drury hazard an estimate as to how much stores and equipment come in under the \$50,000 and how much are over the \$50,000?—A. I would hesitate to hazard any kind of a guess at all, Mr. Macdonnell, but it is a very small proportion.

Q. In which item?—A. In the total of expenditures.

The CHAIRMAN: The under or the over?

*By Mr. Macdonnell:*

Q. Under \$50,000?—A. Under \$50,000 is very small.

In addition to that I may say there are occasions, perhaps, when an item has to be procured costing approximately \$50,000. There might be a temptation to estimate its cost at \$45,000 rather than at \$55,000 in order to require less formal approval. However, it is a rule that if it is estimated at \$45,000,



approved for acquisition, and passed to Defence Production or to whoever it may have to go for action, and the revised estimate or the actual tender comes to more than \$50,000, approval of the minister must be obtained before final action is taken.

Q. Just one more question and I hope I am not taking up too much time. I was interested in the description we were given by the deputy minister of the sort of super personnel committee which I understand consists of army personnel, the chief of the navy and of the air force. I was interested in knowing what kind of personnel such a committee would be concerned with. I quite understand that you have some person in charge for the army, but I was wondering what types of persons this super committee chooses? Is it for the purpose of making senior appointments?—A. The responsibility for taking any action does not reside in any of these committees. Each or any one of these committees is merely an advisory board. The responsibility for taking effective or executive action must reside in one man. The purpose of the committee is merely to effect a general review and discussion of common problems with a view to getting a joint or common approach to them. The actual solution of those problems must be effected by the individual service officer.

Now, in the case of army personnel matters, they go to the Adjutant General, acting under the Chief of the General Staff. All army appointments are made by the Chief of the General Staff on the recommendations of the Adjutant General, and in certain instances they must have the concurrence of the minister. Actually, the appointments of the chiefs of staff are by order in council.

*By Mr. Stick:*

Q. Mr. Chairman, I would like to refer to page 4 and page 5 (of prepared statement—pay and allowances. Would it be possible, Mr. Drury, to have a table showing the rates of pay for all ranks in the different services—so as to have a sort of ready reckoner to which we may refer?—A. I can produce it.

Q. You have the pay and allowances of the different ranks. We may have to refer to them at some time and if we had such a ready reference tabled it would help?—A. We will have that for you.

*By Mr. Churchill:*

Q. In connection with that, would you include also the additional rates of pay shown or mentioned on page 5 where you speak of risk pay for air crew, submarine duty, or parachute jumping?—A. It will include risk pay for air crew, submarine duty, and parachute jumping where applicable.

Q. In connection with the second paragraph (on page 5 of prepared statement) would you also explain what you mean by foreign service allowances?—A. There are two types of foreign service allowances granted to officers and men serving abroad. One type of allowance paid to men serving abroad is paid to those who are serving with organized units. Another service allowance is related to the types of allowances provided to officers of the Department of External Affairs and the Department of Trade and Commerce, and others serving abroad—paid to officers and men serving abroad not with formed units but rather in individual status. The allowances payable in the latter class are somewhat complex and vary of course, from place to place.

Mr. MACDONNELL: We used to be told in the artillery that the infantry was the most risky place. Does this mean that the risk has largely been taken out of the infantry? There does not seem to be any risk pay for the infantry?

The WITNESS: There is at the moment, Mr. Chairman, no risk pay for infantry—other than parachutists, who are of course in the main infantry.

Mr. STICK: I have another question I want to ask about on page 10, arising out of "other expenditures"—payments made to foreign governments for Canadian forces overseas.

I understand there is some frozen money over there, owed to us by some of those governments. Would it be possible, instead of sending Canadian dollars over there, to use some of those frozen funds?

The CHAIRMAN: Mr. Stick, if you do not mind, we are going to have some from the Treasury Board here and you could ask that at that time.

Mr. STICK: Or an officer of External Affairs would probably know that.

The CHAIRMAN: Mr. Bryce will know.

*By Mr. Stick:*

Q. I am just asking questions and if I cannot get answers, all right.—A. I think this might more properly come from Treasury than National Defence.

Q. We will tackle them when they come.

*By Mr. Henderson:*

Q. With reference to page 9 (prepared brief), is there any municipality in Canada with which the department shares the cost of construction?—

A. There are some.

Q. Will you tell me what they are?—A. I cannot provide you with that at the moment.

Mr. JAMES: Mr. Chairman, I think it would be a good idea in order to have more orderly discussion, if we started at the front and went through this. I do not suggest limiting the discussion, but I think it might be more orderly.

The CHAIRMAN: Well, we are waiting for people to ask questions. We have had a couple now but anyone who wants to question can start wherever he wishes.

*By Mr. Wright:*

Q. On page 8, (prepared brief) you say "Plans and specifications for construction are provided, as in the case of equipment and stores, by the user services. The design and engineering work may be undertaken either by the services themselves or by contract."

Can Mr. Drury give us any idea as to the percentage of work that is undertaken by the services themselves as compared with the amount that is performed by way of contracts?—A. The percentage, Mr. Chairman, will vary from time to time. With a large construction program and with few service engineers available for design work, the percentage done by contract will be higher. As, however, design work tends to get finished, and as we get service engineers, more in numbers and more in skill, the percentage of that work done by service engineers will increase.

Q. It seems to me that would be a place where savings might be made—by using the services themselves to provide certain facilities rather than by letting too many contracts. I do not know how feasible that is but to the layman it would appear that there might be savings made in that direction?—A. We do the maximum of design work possible by service engineers—the greatest possible load they can carry. However currently there is quite a shortage of engineers whose services might be made available to us in the country. The armed forces are doing their best to attract additional ones. Within the limits of the greatest number they are able to attract we do the maximum of design work which we can.



Q. Further, on page 8 (prepared brief) it states: "The right of inspection of all work arranged by Defence Production Limited rests with service engineers but supervision is carried out by Defence Production Limited."

Just to what extent is there duplication of inspection service as between Defence Production Limited and the services themselves? I have heard rumours that there is duplication but I have no specific instances to quote. Is there duplication of inspection services as between the services themselves and Defence Production Limited?—A. They are really different function. Supervision of the contracts, as I understand it, involves overseeing of a type to ensure that the work is economically and expeditiously carried out. Inspection is quality control. To go from the field of construction to the field of manufacture, when a contract is let to a firm to produce boots, the supervision of the production operation remains in the hands of the contractor producing the boots. However, the Department of National Defence, as the user of those boots, puts in inspectors of its own—who are not supervisors at all. They are inspectors to ensure quality control—that all boots manufactured are up to a standard of manufacture in accordance with specifications. It is the same in the construction field. The general supervision of the contract or to ensure that he is doing the job that he has undertaken to do is carried out by Defence Production Limited, whereas the actual quality control is done by National Defence.

*By Mr. Wright:*

Q. In the case, for instance of boots would your inspectors inspect the leather before it is made into boots, or would your department simply inspect the boots after they were completed? Just where does your inspection start in an operation like that? And the same thing in construction? Does your department inspect the material that enters into the construction or only the finished construction after it is completed —A. It varies from operation to operation. In the case of construction inspection includes some inspection of materials before they are actually incorporated in the construction.

Q. Is that always the case?—A. It should be the case.

Mr. BALCOM: That inspection service corresponds with what was known in the last war as the United Kingdom and Canadian Inspection Board?

The WITNESS: The inspection service is the successor to the United Kingdom and Canadian Inspection Board.

*By Mr. Stick:*

Q. Would that not be covered in the contract? When you let the contract you called for certain specifications on quality of goods to be manufactured? If the contractor does not carry out his contract in accordance with the specifications laid down, then he is out of luck. You do not need an inspection at the beginning. When you get the manufactured article you can tell whether the proper type of leather was used. When you let a contract for boots you call for a certain type of leather and it is up to the contractor to supply that?—A. Well, in so far as externals, apparent externals, are concerned that is satisfactory; but where items or materials built in to the final article are not visible it is not very satisfactory. One would have to destroy a number of articles purchased in order to determine that there have not been any things done wrong within, for instance, the boot. If they are to provide a steel shank of a certain quality the only way you can determine that in the finished boot is to break the boot apart. In order to make an adequate test we would have to break a considerable number of boots—all of which would be thrown away. It seems better to look at the steel shanks before they go into the boot.



Mr. GEORGE: I would like to ask a couple of questions. Many contracts are being let now and it says that the contractors are to determine the cost. I have had some complaints from contractors that they are spending an awful lot of money making up estimates of costs. That of course is the job of Defence Production, but really my question is why these estimates of costs are not made by army engineers instead of contractors? That applies particularly to air force hangars and camps not in use and which need reconstruction or repairs.

The WITNESS: As I pointed out earlier we have now, unfortunately, a limited number of engineers available to do this kind of work and if we can get part of this load taken by outside industry we endeavour to do so.

Mr. STICK: To reduce your cost?

The WITNESS: To reduce our cost.

Mr. McCUSKER: Is it not the case that when you are calling for tenders you cannot tell the fellow that it is expected to cost so much. He has got to tell you how much it will cost.

Mr. GEORGE: But that was not my question.

The CHAIRMAN: No, but go ahead, Mr. Drury.

The WITNESS: In addition, this method generally provides a more accurate estimate than we are perhaps likely to get from a service engineer. The man who has been doing this kind of work can provide a better estimate than the service engineer who has not actually carried it out.

Mr. McCUSKER: Might I speak to the question Mr. Wright brought up a moment ago. I think we are missing the point when we ask that service engineers should be used on construction. Do we not enlist these engineers into the army to have them in case of war. We have to send engineers to Korea and to England, and they must be given military training just as much as any other people. They have their different demolitions and so on to carry out—the things which come under engineer services in wartime. Therefore, we cannot turn them into engineers for this—why should we turn them into a building corps?

The CHAIRMAN: Well, Doctor, just limit your remarks now to a question. I have no doubt your statement is pertinent and you are talking from experience.

*By Mr. Quelch:*

Q. Mr. Chairman, on page 5, paragraph 2 (of the prepared statement) it says:—

For comparison with civil earnings, pay, including trades pay, subsistence allowance and the estimated value of personal clothing and medical and hospitalization services is used.

Is that comparison made as of any set date or are adjustments made from time to time to keep pace with the increased pay of civilians?—A. Whenever a review of pay and allowances is made we try and obtain the latest current figures for comparable civilian earnings.

Q. Generally speaking there would be a lag?—A. Generally speaking, there would be a lag, yes.

Mr. STICK: I hope we are not going to get into the cost of living.

The CHAIRMAN: Mr. Wright.

*By Mr. Wright:*

Q. On page 10 (prepared brief) you say:—

Expenditures for supplies and services provided members of the North Atlantic Treaty Organisation.

And, under (b)—

Training of pilots and navigators for members of the North Atlantic Treaty Organisation.

Can the deputy minister give us any idea of the costs of training these other members of the NATO organization in Canada, or has that been broken down? What is charged back to them for training in Canada?—A. Nothing is charged back. No disbursements or expenditures we incur are charged back to the other members of the North Atlantic Treaty countries.

Q. This training is a free service to other members of the NATO organisation?—A. That is correct.

Q. Have you any breakdown as to the costs of training?—A. I have not here, but I can procure it.

Q. I would like to have a breakdown.

Mr. MACDOUGALL: On page 6 (prepared brief), in the second paragraph this statement says:

When travelling on duty, service personnel are paid per diem travelling allowances except on rare occasions where the duty is such that these are not suitable . . .

Who is not suitable, or what is not suitable?—A. I apologize for the grammar, but "these allowances are not suitable".

*By Mr. Cavers:*

Q. In what cases would it not be suitable to do that?—A. It is not entirely suitable to pay a per diem allowance, which is based on the average cost of travelling within Canada, when travelling in foreign countries—some of which are very high cost countries. The costs do not fit these per diem rates we have and, those are the instances in which actual expenses are paid.

Q. Well, in that instance, what check have you on relationship of the expenses that are submitted with the rate in that particular country?—A. Well, a man who is claiming for actual expenses has to produce an itemized account. There is very little travel done in any country in which we have not a foreign mission, who keep the Department of External Affairs here and the Treasury provided with a general idea at least of scales of costs, and the itemized account will be placed against, or tested against, this general scale of costs.

*By Mr. MacDougall:*

Q. In the penultimate paragraph (prepared brief) on page 7, fourth line from the bottom, and I quote:

To meet emergencies, senior officers in commands are also authorized to procure directly from the trade within limits set by the deputy minister, and approved by the the Department of Defence Production.

Now, just what does the word "limits" signify? What jurisdiction is meant by that, wide or narrow?—A. Narrow.

*By Mr. Jones:*

Q. Under the subheading (a) (page 10 of the prepared statement)—transfer of equipment from existing stocks—could we have that broken down as to whether it was a gift, a sale or a loan, and to what countries?—A. I have not got it, but I can easily provide information on the transfer of equipment

from existing stocks. That refers to the transfers which have been made from time to time, and announced by the minister, of the armament and ammunition for one division to The Netherlands, for one division to Belgium, and one division to Italy, some 25-pounder guns to Luxembourg, some anti-aircraft guns, those are the main items.

Q. Could we have that information?—A. I will have that produced.

Mr. MACDONNELL: Can you state that information in terms of divisions? How much equipment have we sent? We have equipped how many divisions in Europe?

The WITNESS: We have provided the armament and ammunition for three divisions.

Mr. WRIGHT: When you speak of ammunition, you speak of ammunition for what period or what amounts of ammunition?

The WITNESS: What is known as first and second line in the army, and this is the ammunition normally carried in the first and second line transports of the formation using a particular type of gun. The numbers of rounds vary with the equipment.

*By The Chairman:*

Q. Would you just elaborate once more on Mr. Macdonnell's question? You have told him that we have provided equipment for three divisions in Europe. Is that correct?—A. Yes, armament and ammunition.

Q. Will you name the countries?—A. The Netherlands, Belgium and Italy.

Mr. MACDONNELL: How do those divisions compare in size with our own, roughly, do you know that?

The WITNESS: I do not know that offhand.

Mr. STICK: Do you base it on a Canadian division or the numbers contained in a division in those countries?

The WITNESS: We base it on the British war establishment of a division.

*By Mr. MacDonnell:*

Q. When you say "armament", does that mean virtually everything except uniforms and living accommodation, and so on?—A. No, Mr. Macdonnell, it does not include motor transport. It does not include medical equipment. It does not include wireless. Armament is, roughly speaking, the fighting weapons.

Q. Of the infantry soldier?—A. The infantry, the artillery, all the fire power.

Mr. WRIGHT: Does that include tanks?

The WITNESS: A British division has no tanks in it, so it does not include tanks.

The CHAIRMAN: Mr. Hunter, have you a question?

Mr. HUNTER: My question has been answered.

*By Mr. Quelch:*

Q. In connection with our troops in Europe under NATO, do we make any payments directly for the acquirement of property, or are all those payments made directly by the NATO organization?—A. As Mr. Claxton pointed out yesterday, we have not yet concluded any arrangements as to tenure of property nor how necessary acquisition of property is to be financed.

Q. In the meantime, the housing that we are using—are we paying for that?—A. We are at the present moment in Germany occupying barracks at Hanover lent to us by the United Kingdom.



Mr. CHURCHILL: In connection with this section on page 10 that we are discussing, which is one of supply for NATO, could we have a little information on the significance of that? Could we have the total amount of funds appropriated, with the breakdown under the three categories listed there?

The WITNESS: I will have that produced.

Mr. WRIGHT: Could we have the present members of the Defence Research Board listed, as to what universities and what organizations they belong to?

The WITNESS: I have not got that here, unfortunately, but I will also have produced for you, the composition of the Defence Research Board.

The CHAIRMAN: When Mr. Drury was giving his evidence it occurred to me that we should have had some names on the chart at the same time. It might have been very useful to us. I do not know whether that occurred to the committee or not. For instance, the name of the vice chief of naval staff, I know his name, but I do not know who the assistant chief of the naval staff is. Perhaps that information will be useful; if the committee desires it, we could have it on record.

Mr. McILRAITH: I think it would be very useful to have it on record. Several of these might appear as witnesses and it would be most useful to have that information at this stage.

Mr. MACDONNELL: I suppose I should not ask who the members of the cabinet defence committee are.

The CHAIRMAN: Then Mr. Drury will give us the names of the persons under the various headings on both charts, the chart headed by the minister and chart No. 2.

Mr. MACDONNELL: Are you not going to give the names of the members of the cabinet defence committee?

The CHAIRMAN: I would like to know myself.

Mr. MACDONNELL: Is it a matter of security?

Mr. McCUSKER: Could we not return these charts and have the names put on opposite the positions? The names could be lettered in white on these charts before our next meeting.

The WITNESS: I am not sure what the mechanics of this is.

The CHAIRMAN: Could you possibly produce a table that we could put on the record showing their titles and their names.

The WITNESS: If that will be convenient I could produce a typewritten list showing who the chief of staff is and who his principal officers are, etc.

*By Mr. MacDougall:*

Q. In this chart headed the Organization of the Department of National Defence, you went down to the position of deputy minister and you went over the various ones under the deputy minister, and unless I missed hearing correctly, I think you omitted this laddie who is in the real estate advisory business. Now, he is a civilian, is he not?—A. He is a civilian.

Q. And you may have in your department many of such characters throughout the Dominion of Canada for local appraisal valuations of real estate.—A. The Department of National Defence has not in its direct continuous employ anyone outside of Ottawa reporting to the real estate advisor.

Q. Well, if you were going to acquire property, for instance, in Vancouver, I do not imagine that the real estate advisor here in Ottawa would know very much about appraisals in Vancouver, so it could be that for the purpose of securing appraisals of real estate in Vancouver you would use a Vancouver man?—A. That is correct. It may be someone in private life, in the real estate

business in Vancouver, or in some other government department. The Department of Veterans Affairs have people in the land business in the Vancouver area, to have the Department of Transport and so have the Department of Public Works, and in the ordinary course of events we would proceed through a government agency if this was desirable.

*By Mr. Macdonnell:*

Q. A government agency to buy for you or just to advise you?—A. Generally speaking, Mr. Macdonnell, to buy, to act as our agent in acquiring.

Q. Does that not tend to put prices up? I mean, as soon as a government agent begins to negotiate, to my mind it would be making it more difficult.—A. In some instances we have felt that this would be the case and, consequently, have operated through a private real estate agent acting for an anonymous principal.

Q. Do you think it would always be the case?—A. They tell me it is not always so.

Mr. CAMPNEY: Does not the threat of expropriation act as a check in some cases?

The WITNESS: I think we have found it safe to say generally that we are prepared to offer a fair and reasonable price, and if an individual or a group of individuals is endeavouring to make a killing or hold us up, there is always, as Mr. Campney mentioned, the possibility of expropriating if no settlement can be reached. We can take it to the Exchequer Court.

Mr. MACDONNELL: I realize you have an advantage there.

The WITNESS: The taxpayers have an advantage.

*By Hon. Mr. Power:*

Q. What takes the place of what formerly was called the air council, the militia council, and the navy council?—A. There still is a committee within the navy, under the chairmanship of the chief of naval staff, which has no legal responsibility any more, known as the naval board. The responsibilities which at one time were vested in the naval board are now vested, under the new National Defence Act, entirely in the chief of the naval staff. He still, however, continue to make use of the naval board as an advisory body to him. There is also in the air force a committee known as the air members.

Q. Air members air council, it used to be called.—A. I do not think that is called air members air council any more. It is an air body which jointly considers air problems.

Q. Do they make recommendations to the chief of staff?—A. As the chief of the air staff sits on this body, there will be no necessity, I think, for formal recommendations.

Q. And have you a similar set-up of the militia council?—A. There is no formal body at all. However, the chief of the general staff does assemble once or more weekly his principal assistants and follow the same procedure as the chief of naval staff and the chief of air staff with the naval board and the air members respectively.

Q. I take it that this organization had been abolished much in the expectation of better co-ordination between the services. Have you found that this new set-up makes for greater co-ordination?—A. I have not had any personal experience with the earlier dispositions, but we have had a great deal of success with this arrangement in getting co-ordination.

*By Mr. Wright:*

Q. Our terms of reference allow us to examine all expenditures made from March, 1950, I think it was. I suppose there have been barracks constructed

for the air force and army, and also naval barracks. Could you produce figures to show us what the cost of barracks constructions has been since March, 1950. Could you give us the approximate cost per capita for barrack space for men in the army, navy and air force, constructed during the period that our reference covers?—A. I can do that and will produce figures. They will require some elaboration in that the navy traditionally have found more satisfactory a combination of living quarters, eating arrangements and recreational facilities in the one building, whereas the army and the air force, having generally larger units to accommodate, have preferred to have sleeping accommodation in a separate building from messing and recreation.

Q. I do not want my question to cover the housing problem, but rather the barrack construction.—A. Well, the result might be or appear to be that the per capita cost in the navy is very much higher than it is in the air force or the army, in that the building which provides the sleeping accommodation for the naval men also contains the kitchen and messing facilities, and it is difficult to break out from the total cost for a building that operation.

Q. In submitting your figures, could you give a similar coverage for the army and the air force in the messing and recreational facilities?—A. I will try and see that they are made comparable.

Mr. JONES: Would it be possible to give us land properties purchased, too, since March, 1950 in different parts of the country?

The WITNESS: I will do that.

*By Mr. Stick:*

Q. Could you give us the locations of those? Could you give us their locations by provinces?—A. Properties purchased by provinces?

Q. In the different provinces where you have your establishments, could we have it in that way, location by provinces, if you like.—A. I am not sure which it is you want by provinces.

Q. I am going to elaborate on Mr. Wright's request. He wants to know where we have expended the money.

The CHAIRMAN: As I understood, Mr. Jones asked you what land you have acquired. Mr. Stick wants to know where it is located. Now, that is the composite question, aside entirely from barracks.

Mr. CHURCHILL: Would it not be wise to get a complete picture and show land that is leased as well?

Mr. McILRAITH: He used the word "acquired".

The CHAIRMAN: I used the word "acquired", but I did not have in mind leased land. Did you have in mind leased land when you said acquired?

The WITNESS: No, I did not. I was thinking of outright acquisition, but now this will include leases entered into since April 1, 1950.

The CHAIRMAN: I am sure that the committee is aware that all this information won't be available in one morning. We are getting tall orders, but we will fill them all.

*By Mr. George:*

Q. Mr. Drury just said leases entered into since March, 1950. Why not make it leases existing today in addition to that?

The CHAIRMAN: Mr. George, when Mr. Drury gives us the information he will give us all the leases that have been entered into from March 31, 1950 to date.

Mr. GEORGE: If we are asking for the complete picture, let us get it. There are buildings on land not leased today, the leases for which were entered into previous to the date requested. Let us have the whole thing.



The CHAIRMAN: Our terms of reference are very wide, we can go forward and not backward. Existing leases, that will mean since March 31, 1950.

Mr. GEORGE: Yes, but not necessarily incurred since then.

Mr. McILRAITH: Not necessarily entered into.

The CHAIRMAN: That is right. Since March 31, 1950. I misunderstood you. Do you understand the question, Mr. Drury?

The WITNESS: I understand it, Mr. Chairman.

The CHAIRMAN: Any further questions, gentlemen?

Mr. MACDONNELL: Possibly it would save time in the future if I took time now just to indicate the sort of general information we would like to have. First of all, we would like to have a statement showing the budget for the year from March 31, 1950 to March 31, 1951, the budget of expenses and actual expenses; then, from March 31, 1951 we would like to have, month by month, budget expenses, total expenditures.

The WITNESS: If I might just interject, perhaps, Mr. Macdonnell, to get clear in my own mind point by point what you are asking. It is difficult to say there is a month by month budget for expenses in the current year.

Mr. MACDONNELL: Well, then, that is perhaps part of the answer. I have thought that you would have had a budget, say, on the 31st of March, 1951, I would have thought that you would have had a program before you of expenditures over a certain period of six months—if too long, then whatever your period was. Quite frankly, what I want to know is how your performance is living up to your own expectations. I think that would be interesting. It is either living up or it is not, and you will point out reasons to change it.

One other general comment I would like to make, we want to secure information with regard to all the various kinds of equipment—how much is in ordnance, how much is on order, how much has been paid for, how much has been ordered and outstanding.

The CHAIRMAN: Ask the questions for the purpose of the record so they can bring in an answer.

Mr. MACDONNELL: We think as a preliminary to all that we should know what has been the expenditure up to date in Korea. We presume that troops in Korea are all fully equipped. What is the cost of the equipment, of maintenance, of the Korea airlift, and figures with regard to the cost of navy and air transport in that field of operations.

And, then, we would like the cost of training the troops for Korea, including Fort Lewis. And we would like similar figures for the European force. I will not repeat all the details again. And we want similar figures for the active army. Mutatis mutandi there will be certain adjustments. And then we will want similar figures for the reserve army.

We have already had some indication of our obligations for the supply of arms and equipment to Europe. We would like to know how much has been sent, and at what cost, and what commitments have we still, and at what cost. Rather than wait, I intend giving a list of the weapons. Everybody knows what the weapons are, but here is the list: pistol, machine carbine, rifle, light machine gun, medium machine gun, piat bazooka, 2" mortar, 3" mortar; and for the artillery: 25-pounder, 105 mm, 17-pounder (anti-tank), 5-pounder, 40 mm (Bofors), and ammunition for all the above. Equipment for an armoured division: tanks—Sherman, Centurion (in Europe). Navy, (a) commission, (b) under construction, (c) in mothballs. Air Force: type of plane—bomber, fighter, night fighter, transport; armament of night fighter, and any weapons not listed above forming part of the equipment of any of the services. With

regard to each of these, the following information is required: (a) amount in ordnance; (b) amount on order; (c) amount expended to date; and (d) amount committed for.

We have set out the various weapons used by infantry, artillery, and in a very general way that is really the question to date, and I will give that to the reporter to be incorporated in my question.

Mr. MACDOUGALL: The only thing that Mr. Macdonnell is not asking for is the cost of the C.W.A.C.s.

Mr. MACDONNELL: I will leave that to you.

The WITNESS: Mr. Chairman, I just want to make myself clear to Mr. Macdonnell that it is going to be quite difficult to break out the cost of training of the force sent to Korea. Our accounts are not kept that way.

Mr. MACDONNELL: Well, I hope you will find us reasonable.

The WITNESS: It can be done, but it will involve a considerable number of assumptions and estimates, and it will take some time.

Mr. MACDONNELL: Perhaps we can talk about that together and see what is reasonable. We do not want to ask for things just for the sake of asking for them.

The CHAIRMAN: That seems very useful information that the committee should have. I am sure it will be provided. Now, are there any other questions or information that any other member of the committee is interested in, so as to give the deputy minister some kind of warning of what may be expected of him.

Mr. WRIGHT: I would like to know what grants in the way of capital assistance or in the way of equipment have been made to various companies producing equipment for the army, companies such as Canadair.

The CHAIRMAN: You appreciate it is really not a question for Mr. Drury.

Mr. WRIGHT: Probably Defence Production.

The CHAIRMAN: Yes, Defence Production. Are there any more questions for Mr. Drury, gentlemen?

Mr. CHURCHILL: When we are dealing with the equipment shipped over to the allied countries in Europe, are we entitled to the information as to what equipment remains in this country?

Mr. GEORGE: Could we have a copy of the security regulations?

The CHAIRMAN: Mr. Churchill, I am sorry you asked that question. Let it stand for the moment. Do you mind?

I find that we will not be requiring Mr. Armstrong. Mr. Drury has covered the situation pretty thoroughly. I think we will not be requiring Dr. Solandt. The intention for Thursday's meeting is to have Mr. Mackenzie and Mr. Bryce. Mr. Mackenzie may have to bring with him Mr. Lowe, in order to give members of the committee some details on matters of contracts. Mr. Bryce will give you information on the matter of finance control. By that time we should have some of the information that we asked for in the earlier meeting.

Mr. MACDONNELL: Who will give this information of the kind that I have asked for, Mr. Mackenzie or Mr. Bryce?

The CHAIRMAN: You will have a co-ordinated statement. Someone will be available to question on them.

Mr. MACDONNELL: Will we have that information by Thursday?

The CHAIRMAN: You won't get it on Thursday, not this Thursday nor the next Thursday.

Mr. MACDONNELL: I expect the chairman to be co-operative as well as ourselves.

Mr. STICK: I move we adjourn.

The CHAIRMAN: I think we can all say that the information given us this morning has been useful and informative. The next meeting will be on Thursday at the same time.

The committee adjourned.





## MINUTES OF PROCEEDINGS

THURSDAY, December 6, 1951.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Gauthier (*Portneuf*), George, Henderson, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Quelch, Stick and Wright (21).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Deputy Minister, Mr. T. N. Beaupre, Special Assistant, Mr. G. W. Hunter, Executive Assistant, and Miss Ruth E. Addison, Administrative Assistant.

From the *Department of Finance*: Mr. R. B. Bryce, Assistant Deputy Minister.

From the *Department of National Defence*: Mr. C. M. Drury, Deputy Minister, and A. S. Duncan, Deputy Minister's Secretariat.

The Comptroller of the Treasury, Mr. B. G. McIntyre.

As agreed at the last meeting, Mr. W. M. Mackenzie was called. He read a prepared statement and was questioned.

Copies of his brief (departmental chart attached) were distributed.

He filed with the Clerk for the information of the Committee two departmental documents identified as follows:

1. Manual of Departmental Procedure (Defence Production) for the guidance and instruction of the staff (to December 1, 1951).
2. Book of Standard Forms respecting contracts.

A discussion took place with respect to the tabling of information. It was agreed to follow the procedure in relation thereto decided upon at the first meeting of the Committee.

Mr. R. B. Bryce was then called. He made a brief statement on the role of the Treasury Board and the control of expenditure. He undertook to send copies of his statement for distribution.

Mr. Bryce also undertook to supply the names of those composing the Treasury Board.

A discussion arose as to the date of the next meeting.

After further discussion, Mr. Drew moved "that when the Committee rises this day, it stands adjourned until Friday, December 7, at 11 a.m."

The question being put, it was resolved in the negative.

The Chairman assured Mr. Drew that his request for an early meeting would be taken into consideration by the Sub-committee on Agenda.

At 1.20 o'clock p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,  
Clerk of the Committee.





## EVIDENCE

December, 6, 1951.

11:00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. We have Mr. Mackenzie and Mr. Bryce here, and I would ask you to allow Mr. Mackenzie make his presentation and then questioning will be open to you.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production, called:**

The WITNESS: Mr. Chairman and gentlemen:

The origin of the Department of Defence Production lies in the decision of the government made just before the last war to embark on a policy of civilian procurement of the requirements of the three armed services. That policy has been consistently followed since that time, and now finds its expression in the existence of the Department of Defence Production. It may, however, be well to review briefly the various organizational developments in the carrying out of this policy, in order to clear up any misunderstandings that may exist regarding the relative positions of the new department and the Canadian Commercial Corporation.

It will be remembered that the Department of Munitions and Supply handled the procurement, not only for the Canadian forces, but also for the United Kingdom, the United States, and for other allies to the extent that these countries purchased in Canada. In addition, the Department of Munitions and Supply was responsible for the supervision of the mutual aid program. The Department of Munitions and Supply operated under a combination of the Special Act, which created the department, and the War Measures Act, but the important point is that it operated under special emergency legislation and that to carry out its functions it had extraordinary powers, including those to command production, to determine priorities, and to renegotiate contracts into which it entered. In the early stages, the requirements of other countries in Canada were essentially warlike stores, and were of substantially the same type as the goods being purchased by the Department of Munitions and Supply for the Canadian services. However, as the years passed, procurement in Canada by other countries included more and more goods of a civilian type. It was therefore decided that it was not appropriate to apply the special purchasing procedures that had been developed for the procurement of munitions and general service supplies to transactions which normally would have been handled through commercial channels, with prices and contractual conditions determined by commercial considerations. To meet this situation, it was decided, in January of 1944, to establish a new agency known as the Canadian Export Board to handle procurement of civilian type supplies for other governments. Because of the relation of this trade to the ordinary export trade of the country, this agency was established as a part of the Department of Trade and Commerce. In carrying out the operations of the Canadian Export Board, it became apparent that the contractual relations with the purchasers and the suppliers would be materially simplified if the contracting agency were a crown corporation, capable of contracting in its own name rather than having all transactions direct with the Crown. Accordingly,

in May, 1946, by an Act of Parliament, the Canadian Commercial Corporation was brought into being and took over the operations of the Canadian Export Board.

While this agency for foreign procurement of civilian type goods was being built up, the direct procurement activities of the Department of Munitions and Supply were decreasing. The war was over, and it was no longer felt appropriate that purchasing should be carried on under the special emergency powers that had been found necessary during the war. By this time the volume of purchasing through Canadian Commercial Corporation on account of foreign governments had risen to an aggregate greater than the amount of purchasing being done on behalf of the Department of National Defence. A good many of the staff who had been in the Department of Munitions and Supply had by then been transferred to the Canadian Commercial Corporation, and it was apparent that there was no useful purpose to be served by maintaining two procurement agencies. In February, 1947, under appropriate authority, the procurement for the Department of National Defence was taken over by the Minister of Trade and Commerce from the Minister of Reconstruction and Supply (who had by then replaced the Minister of Munitions and Supply), and arrangements were made for the Minister of Trade and Commerce to utilize the Canadian Commercial Corporation as his agent in purchasing the requirements of the Services. It should be noted that, while the Canadian Commercial Corporation acted as a principal in dealings with foreign governments, it acted only as an agent of the Minister in procurement of the requirements of the Canadian Services. It performed as the Minister's agent the same general functions for the Services as had been performed by the Department of Munitions and Supply: namely, the receipt from the Services of details of their requirements, the canvassing of the market to determine the best source of supply, the awarding of the contracts, and the follow-up of deliveries. It did not assume any responsibility for inspection, nor did it pay the suppliers, these two functions being the responsibility of the Department of National Defence. The size of the operation is indicated by the figures for the year ended March 31, 1948, which was the first full year of operation of the Canadian Commercial Corporation. During that year the Corporation handled some 45,000 contracts for the Department of National Defence, having a total value of some \$82 million, compared with purchases on behalf of foreign governments and other agencies amounting to some \$88 million. From that point on, the purchasing on behalf of the Department of National Defence steadily increased: 65,000 contracts for a total of \$145 million in 1949; 84,000 contracts with a value of \$221 million in 1950; and 112,000 contracts to a value of \$676 million in the year ended March 31, 1951. At the same time, the business on behalf of foreign governments and other agencies steadily decreased.

On April 1 of this year the Defence Production Act came into force and provided for the establishment of the Department of Defence Production. In the month or two immediately preceding the 1st of April, 1951, various steps were taken in the Department of Trade and Commerce in anticipation of the coming into force of the Defence Production Act and the setting up of the new Department of government. Included in these arrangements were the steps necessary to provide for the transfer of the bulk of the staff of the Canadian Commercial Corporation to the new department when it was established. It was decided to retain the Canadian Commercial Corporation as an entity, for substantially the purpose for which it had been originally created: namely, to facilitate the carrying out of transactions with other countries. This was really the same function for which War Supplies limited had been incorporated in the Department of Munitions and Supply days. It proved a very successful arrangement. With the creation of a special Department, however, there was no need for a Crown company to act as an agent for the Minister of Defence



Production as it had for the Minister of Trade and Commerce in connection with procurement in Canada of defence requirements. Actually, as the situation stands today, all procurement, whether for Canadian account or the account of other countries, is, in fact, handled by officers of the Department of Defence Production, but to facilitate the contractual arrangements, the transactions with the purchasers outside of Canada are processed through the Canadian Commercial Corporation. Thus, for example, the Bureau of Ordnance of the United States Navy has a contract with the Canadian Commercial Corporation for the supply of naval guns; the Canadian Commercial Corporation looks to the Department of Defence Production for the supply of these guns; and the Department, in turn, has one contract with the Canadian supplier for the aggregate of the United States requirement as well as the Canadian requirement for that particular type of weapon.

### *Nature of the Program*

Before describing the basic structure and organization of the department, it will probably be well to review briefly the nature of the program for which the Department was established. In introducing the Defence Production Bill in the House, Mr. Howe pointed out that the government was then embarking upon a \$5 billion defence expenditure program, which would be spread over a three-year period. This did not mean, however, that the new Department would make purchases of anything like that amount, for a very substantial part of the total cost was represented by military pay and allowances, Department of National Defence administrative costs, rentals, purchases of land, and various other services which are not dealt with by the Department of Defence Production. Over the three-year period, these expenses were estimated to amount to something over \$1½ billion, which would leave just under \$3½ billion for the purchase of goods and materials by the Department of Defence Production. To this figure would have to be added whatever production was done in Canada for purchase by other governments through the facilities of the Department.

These figures are cited to indicate the approximate proportion of the total defence budget—say 60 to 70 per cent—which could be expected to be spent by the Department of Defence Production. Little purpose could be served by any detailed analysis of the \$3½ billion figure quoted, since the program is continually changing as it develops and, further, the composition of the program, in any event, is not the responsibility of the Department of Defence Production. However, the Committee may be interested, and it may help to get the situation into focus, if I give a rough breakdown of the contracts let by our Department for the first six months of the current fiscal year. These figures, of course, may not be readily comparable to published program figures of the Department of National Defence, since we are concerned with the overall of, say, the textile program of the three Services, and not primarily concerned with the breakdown between the textile requirements of the Army, Navy, and Air Force. Again, when we refer to the field of electronics, we are thinking of all the electronic equipment that has to be procured, whether it will ultimately be incorporated in a stationary structure such as a radar station, in a gun, on a ship, or in an airplane. There is one other rather obvious qualification that I should mention in putting these figures on the record; that is, that the mere dollar volume of a particular program is not necessarily the measure of its complexity. Neither does the mere number of individual contracts tell the story. However, in order to give the Committee some indication of the job we are setting out to do, as background for a description of the general organization of the Department, I may say that in the first six months of this fiscal year the Department has placed orders to the extent of some \$1,100 million. Of this, over a third, or some \$430 million, was



for aircraft. Next in importance is electronics, which represents some \$120 million. Construction has amounted to over \$100 million, as has shipbuilding. Mechanical transport has amounted to some \$80 million. Textiles and clothing including boots and shoes, have amounted to over \$50 million, while ammunition and explosives have amounted to \$60 million, and guns and weapons to some \$50 million. From these rounded figures that I have given totalling about 1 billion dollars it is apparent that the bulk of the program is concentrated in these fields. The balance represents such requirements as fuel, food, barrack-room stores, building supplies, and general supplies.

Another point that should be mentioned at this stage is the element of "insurance" that is included in the program. It is not a program designed solely to produce great quantities of material in short order. That, of necessity, had to be the program when the Department of Munitions and Supply was established, but the program today is concerned with building now for production levels in excess of anything that is included in the present planned procurement. When it becomes necessary to establish special production facilities, the aim is to provide not only for the known requirements but also to arrange so that, with a minimum of further expense, added production can be achieved. The Department, therefore, is concerned with this problem of the development of facilities in the field of specialized equipment for direct use by the Defence Department, as well as for the production of the basic materials entering into that production.

#### *Basic Structure of the Department*

The Department's responsibilities and its authorities are set out in the Defence Production Act. The Act follows, in large measure, the provisions of the Munitions and Supply Act, and was drafted in the light of the experience gained under that Act. The rather different nature of the actual program and the great advantage of being able to set up the new Department in the light of experience of the last war meant that it has been possible to organize the Department of Defence Production on rather simpler lines than was possible in the hectic days of 1939-40 when Munitions and Supply was being brought into existence.

Now, gentlemen, I have a chart of the organization of the department. It may help to follow what I will now say if you will just keep an eye on the chart.

The basic organization of the Department rests on three main branches. There is a Production Branch, which, in general terms, is responsible for the major programs that involve specialized production; a General Purchasing Branch, which is concerned by and large, with those things that can be purchased off the shelf; and a Materials Branch, which concerns itself with the problems of the critical materials required either specially for the defence program or those required partly for defence and partly for general civilian use. That is an over-simplification of the division of responsibility between these three main branches, and one notable exception to the general principles that I have stated is that the whole of the textile program, which is very much of a production problem, is, in fact, handled by the General Purchasing Branch. However, it remains true that, by and large, the General Purchasing Branch, which is responsible for fuel, food, clothing, barrack-room stores, and general supplies, can be generally described as purchasing off the shelf, or at least as purchasing items ordinarily produced in this country, as distinct from the highly specialized production programs of aircraft, ships, ammunition, guns, etc.

You will note on the chart that under the general purchasing branch the breakdown is not as clear-cut. There is a division known as general supply

number 1 and general supply number 2. That is purely for organizational convenience to divide it in two parts. There is no real distinction between the two divisions.

The third major division that I have mentioned is the Materials Branch, but, with minor exceptions, its activities do not involve the expenditure of Crown funds, but rather are of a regulatory nature, such as limitations on distribution and use of critical materials. Some expenditures have been made by this Branch, of which two examples are the development of the Emerald Tungsten Mine and the rehabilitation of the explosives plant of Canadian Arsenal at Valleyfield, but the branches with which this Committee will, I presume, be primarily concerned are the General Purchasing Branch and the Production Branch. If I may, I would suggest that in dealing with the control of expenditures, an attempt be made to consider, on the one hand, the general purchasing which, to a very large extent, can be and is done on the basis of competitive tenders, and, on the other, the specialized programs which involve, in the first place, selection of facilities, and in the second place negotiated contractual arrangements. Here again there is not a clear dividing line on the purchasing techniques and policies between the Production Branch and the General Purchasing Branch, for wherever possible the Production Branch does call tenders and awards business on the basis of competitive bids. Alternatively, the General Purchasing Branch from time to time is involved in allocation of orders and negotiated contractual arrangements. But it remains true that the General Purchasing Branch has more opportunity to follow the desirable course of purchase by competitive tender. To the extent that the Materials Branch is involved, its problems are obviously more akin to those of the Production Branch than the General Purchasing Branch.

The rest of the Departmental organization consists of those Divisions whose functions may be classed as horizontal rather than vertical. There is an Administration Branch, which is responsible for all matters of personnel and general office management, industrial security, and also is responsible for the very important functions of receipt and opening of tenders. The Comptroller's Branch is responsible for all matters of accounting and preparation of financial statements and for the maintenance of what are known as the Central Inventory Records, being the record of all capital assets purchased by the Department and made available to contractors. The Comptroller is also responsible for the operation of the revolving fund, through which the Department is enabled to place pool orders for materials, parts, and components for inclusion in the actual products for delivery to the Department of National Defence. Still a further responsibility is the general control of such warehousing as is necessary of supplies purchased through the revolving fund. The Legal Branch, assisted by a General Counsel on a part-time basis, is, of course, responsible for all legal matters, including the drafting of formal contracts. The responsibility of the Economics and Statistics Branch is just what is implied in its title.

A particularly important function is discharged by the Financial Adviser, you will see up in the left hand corner there, who is responsible for the Contracts Authorization Division. The Financial Adviser concerns himself with the financial implications of the activities of all the various Divisions, with particular reference to the profit margins allowed to contractors, the terms on which Crown-owned facilities are made available to contractors, the implication of patent and royalty payments, and in due course, in such re-negotiation of contracts as may be found necessary. The Contracts Authorization Division represents a system of internal audit, independent of the purchasing and negotiating officers. It reviews all contracts over \$10,000 before the actual orders are placed. It is the responsibility of the officers of



this Division to satisfy themselves from the records that the established procedures of the Department for the calling of tenders and the awarding of the contracts have been complied with and that the terms of the contracts to be awarded are in accord with the general policies that have been established. Purchases representing expenditures not in excess of the limits provided in the Defence Production Act, (i.e., \$25,000.00 or \$50,000.00, where competitive tenders have been obtained and the lowest tender is being accepted) are returned by the Contracts Authorization Division to the appropriate official, who exercises signing authority on behalf of the Minister. Purchases representing expenditures in excess of the aforementioned limits are directed to the Deputy Minister's office for his approval, thence to the Minister, and from there to the Governor in Council. It should be noted that, in accordance with the special provisions of the Defence Production Act, the Minister, or the Deputy Minister on the Minister's behalf, may, and does from time to time, authorize the entry into firm contracts without prior submission to Council. These transactions are, however, subsequently reported to Council.

The Washington Office is treated in the chart differently from the District Offices because of the special responsibilities resting on the Department's senior representatives in Washington. It is necessary for a good many of the individual Branches and Divisions to maintain representatives in Washington, but the Washington representation heads up in the Director of the Washington Office, who also holds the rank of Minister at the Canadian Embassy. The Canadian Commercial Corporation maintains a small staff in Washington, in addition to the appointment of a special officer, a Vice-President of the Corporation whose particular responsibilities are to make known to the various governmental organizations in the United States the facilities in Canada for the production of defence requirements.

It will be noted that two Crown Corporations are shown in the body of the chart—the Canadian Commercial Corporation, to which reference has already been made, and which you will see is included under the General Purchasing Branch and Defence Construction (1951) Limited, which is the Crown corporation established for the purpose of carrying out the defence construction program. These two are integrated closely with the Department, whereas five Crown companies are shown on the organization chart as being associated. These are in the box up at the top left hand corner of the chart. Four of these five are Crown companies which, while reporting to the Minister of Defence Production, are not directly related to the defence production program. These are Crown Assets Disposal Corporation, Eldorado Mining and Refining (1944) Limited and its subsidiary, Northern Transportation (1947) Limited, and Polymer Corporation Limited. The remaining Crown company which is shown as associated is Canadian Arsenals Limited. In this case, the company is shown as associated because its relation to the various branches of the Department is primarily that of any one of the Department's contractors. It has, of course, its ordinary relationships with the Minister and the Deputy Minister, but, for example, it is only one of the contractors responsible for gun production.

You will recognize that there is a division of the production branch called the gun division which is responsible for supervising the whole of the gun production program. Part of that is being produced by the Crown in Canadian Arsenals but parts in other plants. Hence, the Canadian Arsenals is shown in a rather different category.

Similarly in the case of ammunition the Department places orders with many contractors for individual components of the ammunition program, although Canadian Arsenals is, of course, the most important. You will see the two blocks on the right hand side: the Defence Production Board of the



North Atlantic Treaty Organization. There, the Canadian government representative is Mr. H. R. MacMillan and the alternate representative is Mr. R. G. C. Smith who is a permanent officer of the Department of Trade and Commerce on loan to the Department of Defence Production. Then, there is the Canadian Industrial Preparedness Association which acts in an advisory capacity with no executive responsibility in any way.

#### *Staff of the Department*

At October 31, 1951, the total staff of the Department, excluding Crown Companies, was 1,563 persons, of which 1,223 were located in Ottawa and 340 outside of Ottawa. Of the total staff, 205 persons have been appointed under the special provisions of the Defence Production Act, and the balance of 1,358 have either been employed under the regular Civil Service procedure or were transferred to the Department from existing Departments and agencies of government. At March 31, 1951, this is just before the bringing into being the new department, the total strength of the Canadian Commercial Corporation was 665, whereas its present strength is only 38 persons, so that something over 600 persons were initially transferred to the Department of Defence Production from Canadian Commercial Corporation. In addition, 174 persons were taken over from the Department of Trade and Commerce, so that there is a net recruitment in the Department since April 1st of this year of 755 persons. The 205 special appointees now on the staff of the Department have all been engaged with the approval of the Treasury Board; 92 were appointed on a salary basis, 99 on the basis of no salary; and some 14 on the basis of partial salaries or honoraria. For the last two groups, expenses are paid while these men are in Ottawa, in addition, of course, to all travelling expenses while on government duty.

Special living allowances have been determined for members of the staff stationed outside of Canada, with the exception of locally engaged personnel. These allowances are established at levels not dissimilar to, but if anything on a slightly lower scale than the levels established for career foreign service officers.

#### *Departmental Procedures*

The general procedures, which are followed in the Department in handling Contract Demands received from the Department of National Defence and in carrying out purchasing functions, have all been codified and are now set out in a very extensive office manual. I have got a copy of it here and it is a very comprehensive and extensive document. This manual is of necessity a voluminous document, and is probably not one that the Committee will want to examine in detail. However, it is important that in a purchasing organization of the size of the Department of Defence Production the procedures should be carefully spelled out, and if it is the desire of the Committee, a copy of the manual, which is a restricted document intended only for government use, can be made available to the Secretary of the Committee for reference by any member.

I would not like to see this manual circulated widely, however. It gets out of date and has to be continually amended.

Before the committee proceeds to the consideration of detailed procedures for the placing of contracts and in order to facilitate such consideration, it may be useful to outline some of the general policies that are followed by the Department. Later, in examining some of the details of the procedure, the Committee may wish to call witnesses more closely associated than I am with the day to day operations. Certainly in so far as purchasing by competitive tender is concerned, Mr. W. D. Low, who acts as co-ordinator of the General

Purchasing Branch, would be more familiar than I am with many of the examples that might be used to illustrate procedures in which the Committee is interested. With the Committee's permission, therefore, I propose to proceed to an outline of some of the general policies followed by the Department.

### General Policy Questions

#### *Types of Purchase Contracts*

1. *Fixed Price Contract, with selection of contractor based on competitive tenders.*

This is always our first choice as to the type of contract to be used, and it is the basis on which the great proportion of the total number of contracts are let. The low tenderer is normally awarded the contract, but this is not always the case. Reasons for not taking the lowest tender might be due to delivery dates unsatisfactory to Department of National Defence, unsatisfactory experience with previous orders, financial insecurity, doubt as to productive capabilities. Quite often, where some of these conditions apply only to a minor extent, the low tenderer is awarded a part of the contract estimated to be the amount that he can handle. In such cases, negotiations are undertaken with the second or subsequent low tenderer to endeavour to have him reduce his price to the low tenderer's price. Those negotiations may or may not be successful.

2. *Negotiated Fixed Price Contract, with selection of contractor either on the basis of cost estimates submitted by those contractors thought capable of undertaking the contract or, in some cases, with selection of contractor based purely on the Department's knowledge of potential suppliers.*

There are in the defence procurement program many items that it is perfectly clear can only be obtained from one source of supply.

In many cases the Department of National Defence specifies, for one reason or another, supplies from a particular contractor or of a particular make. This is often justified by the problem of maintenance spares, either in the case of the purchase of spare parts for existing equipment or sometimes when adding new units of equipment to existing stocks. It might also be justified by a desire to test certain types of specialized equipment, or as a result of previous experience with patented or technical equipment.

Unfortunately, the complexity of the program is such that there are a good many cases where that has to be done, but there is no doubt at all about the policy or the scrutiny that is given contract demands to determine, first of all, if it is possible and proper to call for tenders.

3. *Ceiling Price Contract subject to reduction to cost plus a fixed percentage.*

Where benefits of volume production cannot be determined accurately in advance, this type of contract has certain advantages.

There are many cases where an item to be produced is substantially the same as the civilian type item but in giving a contract to a contractor he figures his cost on the basis of his commercial experience. He may not be able to calculate in any precise way the benefits he will get in the long run, so we frequently negotiate contracts in which there is a ceiling price as the top price which cannot be exceeded. In some cases, if it happens that the cost is less than that ceiling price, then there will be a refund to the department.

4. *Target Price Plus Incentive Contract, which results in payment to the contractor of actual costs ultimately determined by audit plus a fixed fee, being a percentage of the target price, plus a bonus representing a percentage of the difference between the cost ultimately established by audit and the original target cost.*

This type of contract retains the advantages of an incentive to the contractor for cost reduction, but is only practicable if target costs can be determined with



reasonable accuracy or if there is some other valid criterion by which they can be judged; for example, in cases where production in Canada is being started on an article previously imported, and where the current laid-down import price is known.

You might well set a target price for the production in Canada of, let us say, an air-frame. You may know what it would cost you to buy it in the United States; you do not know what it is going to cost in Canada. The contractor cannot give you a firm price but for strategic or for other reasons it might have been decided to make the air-frame in Canada. You sit down with the contractor and agree on a target price. You know whether that target price is reasonable because you know what it would cost to bring in the completed article and then you say, "So long as we can get them for that target price, then we will give you that price plus some agreed rate of profit, but if you can, through efficient operation, get those costs down, you will get some part of the benefit of that efficiency; we will share the reduction in cost that results."

#### 5. *Cost Plus Fixed Fee Contract.*

This type of contract is preferable to the type of contract generally known as "cost plus", since increased costs do not mean increased profits or fees to the contractor.

#### 6. *Cost Plus Contract.*

These contracts, which result in the contractor being rewarded by a fixed percentage of whatever his costs may be, are, in general terms, the least desirable, but under certain circumstances are inevitable; e.g., where it is not possible to estimate with any accuracy at all the size or complexity of the job.

You could have, for example, a target price contract which also has a ceiling price in it.

These are the principal types of contracts that are used, though sometimes arrangements with a contractor may involve a combination of one or more of the types I have mentioned, other than the first clear-cut type, i.e., fixed price contracts based on competitive tender. Statistics that have been kept thus far of contracts let simply distinguish between those based on competitive tender and all others. We are continually trying to improve our statistical methods and classifications. At the present time I can give the Committee some figures for the last six months of the fiscal year 1950-51. In that six month period the Canadian Commercial Corporation, which was then the purchasing agency, issued on behalf of the Department of National Defence 53,704 contracts, of which 42,632 or about 80 per cent by number were on the basis of competitive tender, while 11,072 were on other bases.

I have not put in this memorandum the value of these contracts. I have the values here and they can be given to the committee, but I want to illustrate how difficult it is to interpret the position from the aggregate values. Those 42,632 contracts have a value of \$94 million, whereas the 11,072 contracts had a value of \$429 million. On the face of it, that needs some explanation. There was one contract alone in the allocated orders which was a contract for over \$30 million. It was for radar sets, being manufactured by Canadian Arsenals Limited, and that one contract ran to, I think, \$35 million. Now, I want to give you another example. These figures are for a different period. During the first seven months of this current fiscal year, the mechanical transport division issued 901 contracts, and 892 of them were by competitive tender. But those 892 contracts amounted to \$2 million. There were 9 contracts issued by other than competitive tender, and they amounted to \$42 million. The reason is obvious, of course. A very substantial part of the mechanical transport requirement could only be purchased from one place, the United States government. So there was a very substantial contract for



purchasing American types of equipment, and you cannot call for tenders when you are buying from the American government. In addition, there was the decision to manufacture 3 types of vehicles in this country, so it was only open to the 3 really big automotive companies. Therefore, there was no point in going to tender. You could not call for tenders on a contract to produce a Chrysler-built vehicle. You could only go to the Chrysler Company. I mention this because if one takes the values it does look as if a very substantial part of the business was allocated rather than called by tender. But if you look at the number of contracts which we let, which really is the measure of whether or not we are following the policy, in the mechanical transport field there were 901 contracts issued and 892 of them were let by competitive tender.

Mr. MACDONNELL: And those amounted to \$2,000 each?

The WITNESS: In that 7 month period there were altogether 82,000 contracts let of which something over 60,000 were let on competitive tender.

#### *General Conditions of All Contracts*

The Department has developed a series of General Conditions, which are published and which, by reference, are incorporated into all contracts. The main set of conditions, which is applicable to all contracts irrespective of their nature, is known as Form DDP-26, and covers such matters as arrangements for sub-letting any part of the contract, conduct of the work, inspection, acceptance and delivery, warranty, government issue, scrap, insurance, accounting, secrecy and protection of work, patent claims and royalties, Canadian labour and materials, title, default, termination, and other similar matters. In addition to this form, there are special conditions attaching to aircraft overhaul, ship-building, ship repairs, capital expenditures, firm price contracts, cost plus contracts, construction contracts, and various others.

Actually, Mr. Chairman, there is a complete set of these standard forms, which may be made available to the committee if anybody is interested in reading them. They are very lengthy legal documents. In the first instance, these forms were developed by the Department of Munitions and Supply, but they have all been carefully revised by our legal branch and general counsel, and they are now issued in this form.

Mr. DREW: I think it would be well to dispose of that now and have a copy of the earlier document, the one governing general regulations, and this book filed for reference with the committee.

Mr. McILRAITH: You mean the administrative manual, the earlier book?

Mr. DREW: Yes.

Mr. McILRAITH: Yes.

The CHAIRMAN: Agreed.

The WITNESS: One of these sets of General Conditions which is of particular interest is the one known as Costing Memorandum DDP-31. This memorandum sets out the classifications of expense that will be recognized by the Department as properly constituting an element of cost. It has, of course, particular reference to any contract based on cost plus some fixed or percentage profit. It could also relate to a negotiated price contract in which the Department might have agreed to a fixed price, on the understanding that it was based on costs computed on the basis of Costing Memorandum DDP-31 plus a given rate of profit.

Very often where we cannot go to competitive tender, there is only one source of supply and we would inquire from the supplier as to the basis on which he arrived at his price. And very often we are successful in getting from him an undertaking in which he says that his selling price is based only on the sort of things we have included in the costing memorandum, and that

he is only taking a certain rate of profit. Now, if he gives us that undertaking, and if it is later found necessary to conduct an audit, the terms of that costing memorandum become a part of the negotiations. The memorandum specifies a number of expenditures which may not be included as costs. The two exclusions which are perhaps most noteworthy are interest on borrowed money and selling expenses. This is important because it must be remembered that the rates of profit which the Department sets on some of its contracts are not a net profit to the contractor. The reason for excluding these two items, interest on borrowed money and selling expenses, is so that the Department will not be placed in the position of expressing an opinion as to the proper or reasonable amount of such expenses. Interest on borrowed money is clearly an expense of doing business, but the Department could not get comparability in its treatment of various contractors if, in the case of a man largely financed by borrowings, his costs were increased by interest, while his competitor, who might be financed entirely from his own capital, would have no such element of cost in his accounts. What the Department is really saying is that the profit, to which it agrees, is the reward that it is prepared to pay for the provision of all the capital facilities, including working capital, necessary to carry out the contract.

In the case of advertising, the Department seeks to avoid the very difficult and contentious questions regarding the proper amount of advertising and selling expenses to be incurred by business concerns. It does not deny or confirm the need for such expenses as part of a company's general overhead, but simply says that it will establish a rate of profit out of which the contractor, in his wisdom, may expend such amounts as he sees fit on advertising and selling expenses. I have mentioned these two points particularly, because they are ones which frequently give rise to questions on the part of contractors, and there may still be some misunderstandings as to the reasons for our exclusion of these items.

#### *Profit Allowances*

Where the Department is successful in obtaining tenders from a number of suppliers, it is generally assumed that the margin of profit of the successful contractor need not be a matter of special investigation, since competitive factors should insure that the best value is being obtained for the taxpayer's dollar. In all cases where it is necessary for the Department to examine costs and profit margins, the general yardstick which is followed is a profit rate of between five and ten per cent of cost. The actual rate varies, depending upon the nature of the industry, the size of the contract, and the type of the contract. These rates, as I have pointed out, are not net profit to the contractor, by reason of disallowed expenses, but even without regard to disallowed expenses they are lower than the rates of profit being earned by manufacturing concerns on general commercial work, as evidenced by statistics published by the Taxation Division of the Department of National Revenue.

#### *Now a Word About the Provision of Special Facilities*

As previously stated, the overall defence program includes a large element of what has been called "insurance" in the form of provision of facilities capable of production levels in excess of present requirements. This means that facilities must be expanded or created on a basis which could not be undertaken for commercial reasons. This naturally requires provision of Crown-owned facilities, representing for the most part specialized machine tools to be installed in existing privately-owned plants, but to some extent involving the provision of new buildings. Where a whole new facility comprising buildings and machinery is involved, arrangements are made for



management by private concerns who can contribute the necessary skills and know-how. In a few cases arrangements have been made which provide for some of the capital contribution to be made by the contractor, possibly the building supplied by the contractor and the machine tools, which are movable, by the Crown. But in most cases it is found preferable that the capital facilities, whether they are buildings or machine tools or both, should be owned outright by the Crown, which then has a free hand as and when the question of disposal comes up. The general policy of the Department has been that, where the Crown must provide the capital facilities, they remain the outright property of the Crown with no strings attached. In some cases, particularly where a whole new facility is being created, part of the arrangement is to give the right of first refusal to purchase (with no price commitment at all) to the contractor occupying and managing the plant.

If a contractor is prepared to put up his own capital for buildings, building alterations, or equipment specially required for departmental orders, the department generally is prepared to extend to him the special arrangements for accelerated depreciation. It should be noted, however, that this is merely an arrangement by which he may, for income tax purposes, apply profits actually earned to write down his capital investment. He may not treat the extra depreciation as an element of cost in determining the selling price of his product to the Crown.

In a few cases it has been necessary to put up Crown funds in the form of building alterations, where it is impossible for the Crown to take title to the assets created. It is the policy in such cases to endeavour to arrive at an arrangement whereby the contractor will accept the residual value of such alterations as a part of whatever reward or profit he is entitled to make on the contract.

The great bulk of the expenditures for capital assistance represent specialized machine tools which, as I have said, remain the clear property of the Crown. In the majority of such cases, these tools are capable of being used only for the product being produced for Crown account, and no question of rental or use of these facilities for commercial business arises. Where, however, the special tools being provided by the Crown could to some extent usefully be used by the contractor for commercial business, an arrangement is made for a suitable rental to be charged to the contractor, with the end result that the Crown recovers an appropriate amount related to the use that is made of the tools for such commercial purposes.

#### *Pool Orders*

It is sometimes convenient and economical to arrange for the pooling of orders for materials or components required by a number of contractors. The outstanding example is the manufacture of the fabrics that will ultimately be made into uniforms. The policy here is, in consultation with the services, to determine the total requirements over a considerable period of time, and then to arrange for the manufacture of the fabrics to the required specifications. This cloth is then taken into warehouse and subsequently sold at a common price to all the garment manufacturers concerned, the price being calculated to return full cost and warehousing charges to the Department. This type of operation is financed through the Department's Revolving Fund, initial purchase of the fabric being paid for out of the Fund and proceeds of sales to the garment manufacturers being credited to the Fund. In this way the accounts of the Department of National Defence are affected only once; i.e., by the final payment for the cost of the completed garment. The more important advantage of this system is the benefit of quantity orders being placed for the fabrics, yet the garment manufacturer still has the full incentive for economical use of the fabric, which would not be the case if the fabric were given to him as free issue rather than being sold to him.



The same principle of pool orders—though not always involving resale to the contractor—is followed, for example, in ship components. The destroyer escorts are being built in a number of shipyards, but the Department has one contractor for the propulsion machinery for all the vessels. Whether or not the item purchased in this way is given as free issue or sold to the contractor, is decided generally by the ordinary conditions of the trade. As a general rule, materials are sold and components are supplied as free issue.

I think, Mr. Chairman, that covers the basic policy.

The CHAIRMAN: Gentlemen, Mr. Mackenzie has already indicated that there is a departmental administration manual which is a restricted document. The suggestion made is that it be left with the clerk and members of committee have access to it. There is another book, Department of Defence Production standard forms. That is not a restricted document. That also will be with the clerk.

Are there any questions?

*By Mr. Drew:*

Q. Yes. I would like to start with a question relating to the basic weapon which seems to be the sound basis for all defence. What rifles have been purchased in Canada for the defence forces?—A. Mr. Chairman, I have not got the actual detail of purchases of that type in here. I have some general figures which I can give, but they relate to the size of the various programs.

Q. No, I think that the best way to proceed would be to see exactly what you are getting in connection with the armed forces, explaining as we go along through the principal types of equipment. I should think that we should start with rifles. Now, what type of rifle is on order?

The CHAIRMAN: Just a moment, Mr. Drew. It was suggested at an earlier meeting that Mr. Macdonnell would provide a list of information which he required. That was done and it was turned over to the department in order that they might have the information available.

The purpose of this meeting was to hear Mr. Mackenzie and question him; and then to hear Mr. Bryce; and then we would have some tabling of expenditures under such headings as equipment, training, cost of administration and other information so it would be available for you to question him on at a later meeting as soon as that information is prepared.

Mr. DREW: I must say, simply having regard to the fact that Mr. Mackenzie has come forward with this brief he is the official who at this point could answer certain questions which would not take very long and which should be easily answered by him. I am simply asking as a first question what type of rifle is being ordered.

The CHAIRMAN: For my part, I see no reason why he should not answer as to what type of rifle.

The WITNESS: Well, Mr. Chairman, the answer to that question is that there are no rifles at the moment in production for Canadian account.

The CHAIRMAN: No, but he asked you what type. You say there are none—

The WITNESS: There are none in production for Canadian account.

Mr. DREW: There are none in production for Canadian account?

The CHAIRMAN: Let us not get into that field at the moment. I suggest that the information, will perhaps be here at the next meeting in answer to the requests which have been received. Then you will be able to follow that line of examination.

Mr. DREW: I presume the committee will be meeting tomorrow?

The CHAIRMAN: No, we don't meet again until Tuesday.

Mr. DREW: Now, Mr. Chairman, I do not want to start at this stage to get away from a very orderly discussion of the situation, but not one of us is unaware of the time factor that is involved. If we do not meet again until Tuesday it simply means that no real information with regard to defence expenditures is going to be obtained at all. Mr. Mackenzie has given very valuable and interesting outline of the organization of the Department of Defence Production and its functions. That, however, is something which could have been presented to the members in written form as a very helpful base. But, surely, with all the delay that there has been in bringing this committee together we should seek to get some information before the end of this session as to what we are really doing in the way of defence requirements; and, interesting though it may be, I think our knowledge of the contractual forms of this department, and information of that kind, is much less important than getting some information as to the rifles, field guns and other equipment of that kind we actually are buying at the present time for the defence forces. After all, Mr. Chairman, there is no one here who knows better than you do that that is the basis of defence; and I would have thought that with the official who has come forward it would not have taken very long to get from him a summary of information on questions relating to what the government is doing in the matter of buying rifles, machine guns, bazookas, rocket launchers and things of that kind; and then get into the large field of medium guns, light howitzers, heavy howitzers, recoilless guns, anti-aircraft guns and so on. I should think that Mr. Mackenzie would be able to give us the answers to questions of that kind in a matter of minutes, probably in less than half an hour.

Mr. MACDONNELL: I would like to point out this, Mr. Chairman, that I did ask for this information to be ready as soon as possible. Frankly, I want to say that I do not understand the reason for having called Mr. Mackenzie to give the information which he has already given. I rather expected that the information I had requested would be ready.

The CHAIRMAN: I agree entirely, Mr. Drew, about what information you require. Mr. Macdonnell outlined the sort of information desired and the committee thoroughly agreed with him. That request was turned over to the appropriate department for that purpose. I think that information might possibly be given by Mr. Drury who is procuring it and he will be available to us at our next meeting. I understand that it is not going to take a lot of time to get that information. I might inform you that you will be able to get it in the way in which you wanted it. Some of it will be available to our next meeting on Tuesday.

Mr. DREW: Let us decide now to call the committee tomorrow.

The CHAIRMAN: It is not possible to call a meeting tomorrow, Mr. Drew, because some of us here are on several other committees. Some of us are on the combines committee. Tomorrow will probably be the last meeting. We should be there.

Mr. DREW: I understand the importance of it but I do not think there is anything more important than to get the basic information on what we are getting together in the way of defence. The contracts for buildings, the contracts for a number of other things are individually the process by which we get the things which give the defence forces on land, sea or air more hitting power, and I would think the most important thing we should know, and as early as possible, is what we are actually buying and at what price and from whom.

As far as these things are concerned, Mr. Mackenzie has not indicated that he would be unable to tell us what weapons are being bought, and that being so I would think that there would be no difficulty in very quickly



covering the ground with these various questions and finding out just what weapons are being supplied and the type of weapons being made available for our defence forces. It seems to me that from the broad structural information he has given us, Mr. Mackenzie has made it quite clear that the department with which he is associated handles the purchase of these things.

Naturally there would have to be consultations in the case of military requirements doubtless with the Department of National Defence, but it would be Mr. Mackenzie who would have to give Mr. Drury the information on what was on order. I for one would like an opportunity of putting those questions to him.

Mr. McILRAITH: Might it not be a good idea to re-read the minutes of the steering committee which were read at the start of the first meeting. The proceedings of the last meeting have not yet been printed and there seems to not be a good deal of appreciation of what the system agreed on by the committee was.

I think everyone here is anxious to go forward as quickly as we can with this matter; it is a big subject and a difficult problem but there was a procedure agreed on by the committee and I think an effort is being made to follow it. I think that we should recall to the committee's mind exactly what was done in the steering committee meeting, the first meeting and the second meeting.

The CHAIRMAN: We requested at our first meeting for the tabling of certain information which will probably answer the questions that Mr. Drew now asks and others will wish to ask. Now, the question arises when the meeting will be, whether it should be called tomorrow or early in the week.

Mr. MACDONNELL: I would say, Mr. Chairman, that if this were three or four weeks from the end of the session that would be all right. Let us be honest with each other. That thing won't amount to anything before we adjourn or prorogue or whatever we are going to do.

Might I ask that if there is a real desire to meet tomorrow can't we do it? Now, as has been said by Mr. Mackenzie, these figures are surely routine figures and I cannot see why they cannot be given just right off hand. That is the reason I put my request forward on Tuesday so that there would be no element of surprise.

The CHAIRMAN: There is no element of surprise. All the information that is available as a result of the report of the Sub-Committee on Agenda will be made available to this committee—everything that they asked for. It was merely a matter of orderliness. We thought we should have the background. We still have one more witness; we can finish with him today if the questions are short and the next time a meeting is called we can immediately give the information that Mr. Drew and others require.

Mr. DREW: Mr. Chairman, just on two points that have been raised. I do not think we should be unduly impressed by formality or otherwise. If the purpose of this committee is really to get down to defence expenditure, and that means expenditure on defence, then our greatest concern is to find out what is being spent on defence and for what purposes; and interesting though the expansion of the information about the structural build-up might be, since we are limited by time. I would have thought it was very proper that now that Mr. Mackenzie has given us this information and, for instance, in relation to his figure of \$50 million which he has mentioned as a figure for weapons that we, simply as an example, take that and find out from him just how that is made up and I would think that most people—in fact I think I read something that you said once yourself which emphasized the primary part that weapons play in defence organizations, and I thought it would be



appropriate in relation to that while Mr. Mackenzie is still here that certain questions be asked which could be answered very quickly.

I leave it at that point. In regard to the other committee meeting I know the committee to which you refer and which you are attending tomorrow. Might I say, Mr. Chairman, that if we are going to get ahead with this matter, recognizing the limited time that is still available, that I would have thought, while recognizing the special qualifications you have to act as chairman in this case, that we could have proceeded tomorrow with the use of a deputy chairman if you could not be here.

The CHAIRMAN: May I just point out that there are several members of the committee who are equally involved tomorrow.

Mr. DREW: You cannot tell—they might support your motion at the other committee?

The CHAIRMAN: That is my hope but, gentlemen, I realize that there is a great deal of truth in what you are saying, Mr. Drew. We are trying to get on. Prorogation is ahead of us. The endeavour is to get as much information as is humanly possible before the House rises.

Mr. DREW: It is just with that point in mind, Mr. Chairman, that if you would let me question along this line for twenty minutes we would have some interesting information on what we are getting in the way of defence requirements.

The CHAIRMAN: Mr. Drew, you are first on the list for the next meeting. You can have all the time you like. Let us finish with Mr. Mackenzie. I have Mr. Bryce who will also give you some information, and then we will get down to the details at the next meeting. Are there any questions at all for Mr. Mackenzie?

*By Mr. Stick:*

Q. I would like to ask one question. The Department of Defence Production does not decide the type of weapon you are going to buy; that is the Department of National Defence?—A. The department does not decide on anything to be bought; we simply receive the requisitions from the Department of National Defence.

Q. They make the decision as to what type of weapon you are going to buy?—A. Exactly.

Q. I wanted to get that clear in my mind.

*By Mr. Drew:*

Q. Just as a matter of procedure and in relation to the structural organization which you have described to us, take the purchase of the two DeHavilland comets. Will you just explain as an illustration how that was proceeded with or what course was followed in acquiring those two DeHavilland comets?—A. The procedure for all purchases on behalf of the services starts with a formal document what is known as a contract demand which comes from the Department of National Defence. That demand is received by the Department of Defence Production which then proceeds to take purchasing action.

Now, in the case of the purchase of the DeHavilland comet, it is perfectly obvious you could not call tenders; it is simply a question of negotiating there on price and further arrangements to be made with the DeHavilland company on delivery, and so on. Our activity is initiated by the receipt of a contract demand.

Now, the demand for certain items does not come from the Department of National Defence or some other department of government. They are the ones

that are initiated by the Minister of Defence Production and that is where he is laying in supplies that will ultimately be used in the manufacture of items for the Department of National Defence. In other words, the Minister of Defence Production himself decides that it will be advisable to buy certain yardages of cloth and raises that demand himself. I might say it is done in consultation with the services but the contract demand for that type of item comes from the Minister of Defence Production. All other demands come from the agency which will eventually have the ownership of the asset.

Q. From whom did the contract demand emanate in the case of the two DeHavilland comets in England?—A. It must have been the Minister of National Defence. I have not the document in front of me but it must have been by reason of the amount involved.

Q. I wonder if you would check that. I think it would be helpful if we saw a copy of the contract demand in that particular case. I am simply taking this as an illustration of the procedure that would be helpful to us. Would that contract demand come from the Minister of National Defence or would it emanate from the Chief of the Air Staff?—A. We would not know that, Mr. Drew. The document that we receive is the formal contract demand which requires the minister's signature if it is over a certain set amount and I am confident the Comets you speak of were over that amount.

Q. You would be able to produce a copy of the contract demand?—A. I do not know whether that document should be produced or not, Mr. Chairman.

*By the Chairman:*

Q. The document exists?—A. It must.

Q. Is it in your possession?—A. Not at the moment. I suppose it is in the department.

Mr. DREW: There cannot be any terms of secrecy applying to a demand for aircraft being sold for ordinary commercial purposes throughout the world.

*By the Chairman:*

Q. I am not sufficiently aware of what the contract consists. Let us find out who has it. Is it probably in the minister's possession?—A. No, it will be in the department's possession. We have hundreds of thousands of contracts in the files of the department.

Q. Well, Mr. Drew asks that the contract be produced. I see no reason why it should not be. Is there anything secret about it?—A. I would not have thought so.

*By Mr. Drew:*

Q. Then, I think also at the time that that is prepared it would be helpful, Mr. Mackenzie, if you would find out who actually carried out the negotiations with the DeHavilland company and the date on which the negotiations were opened with the DeHavilland company and also whether at the time that this was done it was done by any competitive tender or simply done as an order without reference to any other possible types?

Mr. BALCOM: It might be important to know who negotiated the contract, whether a member of the staff or someone else?

The CHAIRMAN: It may become important.

Mr. DREW: If I did not put it in that way I intended to put it that way; but who first opened negotiations with the DeHavilland company in connection with these and at what time?

Mr. MACDONNELL: Mr. Chairman, I would like to ask a question—

The CHAIRMAN: The reporters are complaining that they do not hear you clearly. Please, Mr. Macdonnell, speak louder.

*By Mr. Macdonnell:*

Q. About halfway down page 4 it speaks of the Department of Defence Production receiving from the services details of their requirements. Now, does the department exercise any control over this money? Does it question any of the amounts required because, after all, some of us know something about the army and we know that whatever virtues may be attributed to its officers—and they are many—you cannot expect them to be as worried about money as we are. Now, I would like to know if there is any check of any kind or if that statement is to be taken without qualification—“received from the services all the details of their requirements.” I am thinking not only of guns and rifles and whatnot, but ordinary civilian supplies. I saw a tender not so long ago which had amounts in it which seemed to me very high. They might have been all right but they seemed to me very large for ordinary supplies, and I raise the question is there any check of any kind upon the moneys? Is the first and last responsibility taken by the military officials?—A. The Department of Defence Production does from time to time question the volume of a demand but it is done, not on the basis of the cost or the requirement of the service, but from the supply standpoint. We had a perfectly good example sometime ago when the Department of National Defence raised a contract demand for a very substantial number of blankets. I have forgotten the number, but it was a very substantial number. We thought that, as a matter of procurement, to put an order of that size into the market at that particular time would have been most unfortunate and would have had very serious results on the civilian supply. Consequently, we went back to the service, we discussed it with them, we arranged, instead of placing an order of that size, to spread it out over a longer period of time so there would be a better source of supply.

Q. I can understand that point of wise purchasing but do I understand correctly that you do not question the amount they asked for, that you just take that and work from that, that there is no authority — that there is no outside authority who raises any question as to what is being spent for the services?—A. I cannot answer the question as to whether there is any such authority. I can only speak for the Department of Defence Production. As far as the Department of Defence Production is concerned it accepts the contract demand, it accepts the requirements it receives from the Department of National Defence.

The CHAIRMAN: Any further questions, gentlemen?

*By Mr. Drew:*

Q. Just so that there won't be any possibility that Mr. Mackenzie would be unready to answer the related questions which I will ask in relation to the broad structural information perhaps you can answer a question now and if not I would ask that you make a note so that you can answer it when you obtain the other information.

Having regard to the fact that the Canadian government through its agencies has spent considerable money on the development of a jet airliner in the Avro plant in Toronto, I would like to know what consideration was given to the comparative advantages of transferring the purchase to the type of airliner which has been developed at public expense and what conclusions led to the decision to choose another type of airliner for what would be the same kind of service for which that airliner had been developed. Can you answer off hand?—A. I can say off hand that the two aircraft were quite different in the uses to which they could be put.



Q. In what way?—A. The range of the aircraft, for one thing. They are very different. I cannot go into an argument on the technical points but I am sure that the two aircraft are not interchangeable; they are built for different purposes.

Q. I do not want to question you on a matter which you cannot answer, but I was under the impression from press reports that I have seen that the purpose that had prompted the buying of the De Havilland comets was for school training and interceptor work. That, might not be right. If that is so I would be curious as to why the range of the aircraft is so important because I did understand that one jet airliner built by Avro was being used for doing something of a comparable nature to the De Havilland comet.—A. Mr. Chairman, I do not think that I am really competent to get into a discussion of the suitability of the various aircraft.

The CHAIRMAN: My advice is don't.

Mr. STICK: Mr. Chairman, would that be a question of policy?

Mr. DREW: I think that I can remove any suggestion that it is policy. After all, if one is buying anything one wants to try to buy it as cheaply as one can and that does not involve departmental policy.\* I am curious to know why an airliner on which public money has been spent was not regarded as suitable and another type was purchased for a somewhat comparable purpose. I imagine that could be easily answered in that way without anything savouring of departmental policy.

Mr. McILRAITH: I think that could be brought forward. Part of it was answered the other day in the House on the orders of the day, but I think the whole information on that point should be brought forward. I am not clear whether it could be fully brought up by the ministers from each department but I think it could be brought forward. The main point is that the two kinds are not comparable and it seems that that is more or less a technical discussion. I think it could undoubtedly be brought forward and I think the committee should have it.

The CHAIRMAN: On that point, you were having some difficulty with a technical discussion in the House the other day.

Mr. McILRAITH: Well, I did not know how far to go and the second thing was I did not have all the technical information.

The CHAIRMAN: We have Mr. Bryce who will take ten or fifteen minutes and if we clear him today we can carry over the other information to the next meeting.

*By Mr. Macdonnell:*

Q. You must have tens of thousands of these contracts, many over \$2,000 and a great many must be very trivial amounts, and I just raise the question of whether there is any possible way of lessening the number. You must have hundreds and hundreds of these contracts and if my arithmetic is correct they must only run into a few dollars.—A. There are many contracts of very small amounts.

Q. Would not that mean that a lot of legal work must go into them? Perhaps there is no way of avoiding it.—A. Might I just say this to you, Mr. Macdonnell, that when you refer to contracts, that does not always mean a long legal document. These are called contracts for the purposes of statistics. The bulk of these would be evidenced simply by the acceptance of a purchase order.

Q. You mean just a letter?—A. We have, for instance, "an acceptance of order" form and that form simply says: "Your offer is accepted. The

purchase is subject to the general conditions above" and so on. It does not mean a long voluminous contract every time.

*By Mr. Churchill:*

Q. I have one question whether the Department takes into account the time factor involved in regard to manufacturing establishments right across the country. An example of this came to my attention some time ago in manufacturing for the CWAC's and tenders were to be opened, I think, about the end of August and the delivery was set as the first of October. Well, certain Winnipeg manufacturers thought that that was a serious hindrance when tendering because of the time limit whereas they estimated that the bringing of material into Winnipeg, manufacturing it and then shipping it back and trying to meet the deadline would amount to about thirty days and would put them at a distinct disadvantage to the manufacturer who was closer to the point of delivery which I think was Montreal or here. How does the department deal with situations like that?—A. Well, Mr. Chairman, I obviously do not know the details of that particular transaction. The general approach is, within the limitations of the deadline set by the department of National Defence as to when they want delivery, to call tenders and allow as long a time as is considered appropriate in order to give an opportunity across the country. That certainly is what we are striving to do. There might have been some special circumstances in connection with that particular order that required a narrowing down of the time limit. I would be glad to investigate any individual case that you suggest. But certainly our general approach is to try and give tenderers right across the country time to get in their tenders.

You did mention the question of paying freight on the material. I might say that we are paying freight from the central warehouses on material out to the contractors now.

Q. Well, it was not a question of getting the tenders in; it was completing the manufactured product in time to meet the deadline set by the department. In that particular case it seemed to me it was a very, very short time. There may have been some special reason.—A. This is a very common problem. The department will require a particular supply by a certain date. We continuously strive to get these requirements out as soon as we can, but this problem does come up from time to time and then where we get into the cases we have to split the order to meet the deadline of the Department of National Defence. One contractor cannot handle the whole thing; it has to be split.

*By Mr. Wright:*

Q. On page 10 of mimeographed statement it says:

It should be noted that, in accordance with the special provisions of the Defence Production Act, the Minister, or the Deputy Minister on the Minister's behalf, may, and does from time to time, authorize the entry into firm contracts without prior submission to Council. These transactions are, however, subsequently reported to Council.

What is the type of contracts and what is the principle on which the contracts are let and what are the reasons for letting that type of contract without prior submission to Council?—A. Well, I can give an illustration very quickly. A very common one—I should not say a very common one because there are not a tremendous number of them but there are quite a few—they come quite frequently in the textile program. We got into the business of buying wool. We had to because the industry felt that they could not handle the actual purchase of wool. I am speaking now of six or eight months ago

when it was decided, in consultation with the industry, that the department would buy wool. Now, when you go out to buy wool you get an offer and you have to accept it within a matter of hours; otherwise the offer is gone. In such cases, the minister or the deputy minister places the contract and then reports to council what he has done.

Q. It is in that type of contract?—A. It is that type of thing. Occasionally at the last minute before a certain deadline there may be 2 or 3 items which come up. I think that happened just before the despatch of troops to Korea. At the last minute something was remembered which had been overlooked, so contracts had to be placed very quickly in order to catch the sailing of a boat. Sometimes it happens in respect to the repair of a vessel. And there are cases when you have to make up your mind very quickly. The minister or the deputy minister is authorized to act and all such cases are reported to council.

*By Mr. Stick:*

Q. What about the Washington office? You have an office in Washington and a councillor in the embassy as well? Why should there be an office of the Canadian Commercial Corporation in Washington as well as a councillor in the embassy? I am not clear on it. Does our representative in the Canadian Commercial Corporation in Washington let contracts in Washington, or does he consult you before he lets contracts? How far can he go, and where does he stop?—A. The office in Washington, of course, is carrying on as part of the departmental organization. But as to Canadian procurement from the United States services, and in the case of Canadian sales to the United States, the United States prefers to deal—I am speaking of the services—they prefer to deal with a government agency in Canada. So, when they want to buy something from Canadian production, the contract is placed with the Canadian Commercial Corporation in Washington, and from Washington they are sent to Ottawa. Actually the contractual arrangements are made up here in Ottawa.

Q. Negotiations, however, are carried on in Washington?—A. Yes, the preliminary negotiations. And I have seen transactions come in all the way from \$1.50 up. It may be that in small transactions there is a final settlement made down there, but it would be governed by the degree of authority possessed by the individual officers in Washington. Throughout the department, various officers have commitment authority up to certain limits, so I think there would be a number of people in the Washington office who would have authority up to those limits.

Q. It has to be done through the office there?—A. Yes; but in connection with other activities of the department, such as negotiations with the United States authorities for the allocation of steel and the arrangements of the International Materials Conference on base metal (there are international committees meeting which cover copper, lead, zinc, and so on) all such activities are handled through the Washington office.

Q. That means that what is required for NATO in the way of basic metal requirements are co-ordinated at Washington and then discussed and allocated to the different countries?—A. There is the International Materials Conference at which a number of countries are represented. Canada is represented on some of those committees. These committees meet and make recommendations to the governments concerned. There is nothing completely formal about it; but the international group makes recommendations to governments which may or may not accept them.

Q. And the headquarters of that group is in Washington?—A. Yes, the headquarters of the International Materials Conference is in Washington and we have every extensive connections with them.



*By Mr. Macdonnell:*

Q. I was going to ask the witness about the Canadian Commercial Corporation because it was stated that the purpose for which it was originally set up was not now so important. But I take it that because the United States wants to deal with a corporation, that is the reason the corporation is still kept going even though you have the Department of Defence Production as well?—A. That is one of the reasons, yes. It is a very convenient agency through which to handle contracts with the United States government.

Q. You have only that Crown corporation which can do it? It has not got much else to do but that, has it?—A. It conducts dealings with other countries, but the United States is the principal one. There are some dealings with the United Kingdom, and it is also used for the purchase of such materials as have been bought by the Department as strategic reserve. It bought the imports of tin, for instance, that were made some time ago.

*By Mr. Henderson:*

Q. Suppose a Canadian contractor wishes to purchase a piece of machinery in the United States. What, briefly, is the procedure he would have to go through?—A. I think anybody who has been trying to purchase machinery in the United States lately would say that you could not describe it briefly. It is a very involved procedure, particularly if you are speaking of machine tools. The machine tool situation is very complicated and very difficult because the supply is very short. Our office in Washington would facilitate the purchase of machine tools but it is a most elaborate procedure. First of all, there must be 70 per cent "set aside" for the American services; and then there is only 30 per cent available for the civilian purposes. It is a most complicated procedure. Of course, I am speaking of the United States procedure.

The CHAIRMAN: I think Mr. Henderson is interested in learning what office he should visit first, and how many, and where does he get a "yes"?

The WITNESS: I would not attempt to answer that question. I suggest that if there is a Canadian who wants to get some machine tools from the United States, he would be very well advised to talk to our people before he gets into it. He should speak to the Machine Tools Division of our department.

Mr. DREW: I have one point, Mr. Chairman, which I would like to raise now, so that we may not be confronted with any suggestion of uncertainty on this point. At the first open meeting a list of weapons about which information was required was presented by Mr. Macdonnell. In going over it, it is quite apparent that the intention was to obtain information in regard to all the weapons that are regarded as weapons necessary for the land, sea and air forces; and if there are weapons which have been decided upon and which have become standard, other than those mentioned, I ask that Mr. Mackenzie, or whoever can answer it, be ready to answer to the point. I am referring particularly to the fact that questions may be asked as to guns of a particular calibre, or weapons of a particular nature, and it may be that decisions have been made to change to other types of weapons useful for the same general purpose. So I would ask that that thought be kept in mind when preparing the necessary report, namely, that we are anxious to know what weapons are being purchased for the various land forces, and what for the naval forces, and what for the air forces?

The CHAIRMAN: I think we understand that, Mr. Drew.

Mr. DREW: I was only trying to avoid any misunderstanding, Mr. Chairman.

The CHAIRMAN: I do not think there is any misunderstanding on that point.

Thank you, Mr. Mackenzie.

(The witness retired).

Now, Mr. Bryce.

**Mr. R. B. Bryce, Assistant Deputy Minister of Finance called:**

The WITNESS: Mr. Chairman, I understood that you wish to have from me a description of the role of the Treasury Board and the Department of Finance in dealing with defence expenditures to complete, to some extent, the understanding of the committee of the roles of the various bodies and agencies. I had intended to speak from a few notes, but in view of the hour, I think it might save time if I just read four or five paragraphs which I have here. It would only take me a few minutes.

Mr. DREW: If this is profered in the same form as that of Mr. Mackenzie's presentation, it might be helpful if we had it before us.

The WITNESS: I am afraid I have not got copies. I am sorry.

Mr. MACDONNELL: Will the witness have it profered later?

The WITNESS: Yes. I shall have it mimeographed and given to the clerk.

The formal procedures and responsibilities of the Treasury Board in dealing with defence expenditures and related matters are much the same as in regard to similar matters relating to other departments, with some modifications in detail to take account of the much larger size and number of the transactions and of the elements of the program and establishments. The major decisions in regard to the defence program, budget, and establishment are of such importance, however, that they are made by the Cabinet or by the Cabinet Defence Committee in the first instance, and the Treasury Board does its work within the framework of the policy so determined. The Department of Finance prepares material for the use of the Minister of Finance at the Cabinet or Cabinet Defence Committee in considering matters relating to defence expenditure. For this purpose the officers of the department consult frequently and closely with the officers of the Department of National Defence and of the defence forces, and where necessary, I might add, of the Department of Defence Production. The form and nature of such consultations do not follow a formal or fixed pattern, but depend upon the circumstances in each case.

The Treasury Board consider and take decisions upon, or make recommendations to the Governor in Council upon, the following types of question relating to defence expenditures:

- (a) details of defence estimates within the general program and budget approved by the cabinet;
- (b) changes in the details of the estimates that are recommended by the minister or the Department of National Defence during the year, and which require transfers between allotments established within the defence appropriations.

You may recall that at the back of the estimates there are supporting details which constitute the allotments that bind the department, unless the Treasury Board approves a transfer among them.

- (c) the authorization of specific construction projects within the defence program, many of which cannot be finally settled at the time the estimates are approved;
- (d) changes in the scales of pay and allowances and the various regulations relating to pay and allowances and the conditions of service in the forces;
- (e) special pension cases and problems. Formerly the board authorized all pension payments, but the routine cases are now dealt with

directly within the forces and the Department of National Defence, under the recent amendments to the Act;

- (f) certain other special types of transactions, some of a relatively minor but troublesome nature, such as settlement of damage claims, ex gratia payments, special travel and removal claims falling outside the normal regulations, payments of capitation rates to other countries in respect of materials and services provided to the Canadian forces, and purchase of office equipment;
- (g) allotment of funds for capital assistance projects undertaken by the Department of Defence Production under the Defence Production Act and related appropriations, such as Votes 77 and 681.

It may be noted that the Treasury Board do not consider and deal with the procurement contracts for the Department of National Defence, which are handled directly by the Governor in Council, in accordance with the details of the Defence Production Act.

In addition to the matters dealt with by the Treasury Board and the Cabinet Defence Committee noted above, the Department of Finance

- (a) assists the Minister of Finance in reaching agreement with the Minister of National Defence on the rank structure for the Canadian forces within the total number of forces authorized by the Governor in Council. In other words, in setting the number of colonels, brigadiers, sergeants, privates, and so on.

The two ministers jointly are responsible for setting that up.

- (b) In the working out with the defence department and forces, the chairman of the chiefs of staff, the Department of External Affairs and others of the arrangements with other countries under the North Atlantic Treaty, and the preparation of messages, instructions, and reports for Canadian representatives taking part at meetings of the North Atlantic Treaty Organization, and
- (c) In the working out, with other departments and agencies various financial and economic measures required to implement the defence program and offset any unfavourable economic effects of defence expenditures.

That really relates to various economic matters which I presume are not of direct concern to this committee.

Finally, I should mention of course the Comptroller of the Treasury and his organization of disbursing and accounting offices. They play a very large role in the administration of defence expenditures. But I understood that you propose later, if necessary, to get a statement directly from Mr. McIntyre about that, so I did not endeavour to cover it except to summarize, in brief form, the role of the Department of Finance and of the Treasury Board with which we are concerned.

Obviously a great many of the items with which we deal are essentially policy items, but I think it would be of interest to the committee to know how the machinery works in reaching those decisions.

The CHAIRMAN: In the memorandum which you suggest you will file with us, will you have more information than you have already given us?

The WITNESS: I was proposing to file only this brief memorandum, but I can elaborate on it.

The CHAIRMAN: The information you have given us, I think, is sufficient. My purpose in asking you was to make sure all you wish to say is on the record. I feel that the information which has been given to us by Mr. Drury, Mr.



Mackenzie and yourself will be useful for later committees. We want to make sure that we have on the record what you feel would be sufficient for our purpose.

The WITNESS: Yes.

Mr. STICK: I was going to ask a question, Mr. Chairman. Will Mr. Bryce be available to us later on to go into this? I was going to ask a question about the frozen assets we have over there, but I presume that will come up later, and that this is not the time to ask about them.

The WITNESS: That is right.

*By Mr. Drew:*

Q. Well, again only seeking something in the way of an illustration of method and perhaps there is an advantage in taking the same illustration as an example, Mr. Bryce, what I was discussing before, in the case, for instance, of a decision or in the case of the consideration of the purchase of something that costs a substantial sum of money like two jet transport aircraft, would the fact that the order was being, or rather would the fact that the Department of National Defence or Department of Defence Production indicated that it wished to buy a certain type of aircraft be the deciding factor or would the Treasury Department go into the question of whether some consideration should be given to the \$8 or \$9 million which had been spent by the Canadian government to back up an aircraft that was being manufactured in this country—would that be decided by the Treasury Board or would the simple matter that the decision had been made by the Department of Defence Production be taken as a sufficient basis for proceeding with the expenditure?—A. Well, sir, in the appropriations and estimates of the department there will be an item for procurement of aircraft and if this purchase comes within their budget the actual procurement, the choice of the aircraft and the actual price at which they are procured will not normally come before the Treasury Board. The procurement contract will go to the Governor in Council in due course from the Minister of Defence Production, but eventually as it is within their budget and program we are not further concerned. In other words, the choice of the particular aircraft and the price would be regarded primarily as an administrative problem within the responsibility of an individual minister rather than collectively unless the matter was large enough to merit the consideration of the cabinet itself.

Q. Then, I take it from what you say that the question as to whether the abandonment of one type might mean the failure to reap the benefit from certain expenditures would be a question of policy with which you would not be concerned?—A. We would, sir, ordinarily, in establishing the budget for the department at the beginning of the year. We will study their aircraft program in some detail and the Treasury Board and the Minister of Finance will be concerned with the types of aircraft that they are proposing to purchase and the reasons given in support of it, but any amendment, any detail in the course of procurement as long as they are within the general budget will be regarded as the responsibility of the minister directly concerned unless it raises major questions of policy which the cabinet feels they should consider.

Q. Well, again as a matter of information and having regard to the fact that this is a matter of common interest at the moment, could you tell us whether in the particular case authorization was given for the purchase of these aircraft or a memorandum was made available to the Treasury Board explaining why it was not regarded as desirable to proceed with the construction of jet airliners with which the government had been experimenting and on which development expenditures had taken place?—A. As I recall that particular case, sir, the transaction did come within the general budget of the

department and consequently did not involve any reference to us for consideration in regard to the choice of a particular type of aircraft.

Q. So that your recollection is that the decision was not one that was reviewed by the Treasury Board?—A. Not as such, sir.

*By Mr. Quelch:*

Q. Will Mr. Bryce give us the names of the persons who constitute the Treasury Board today?—A. I would be glad to do so. There is an order in council setting up the board and I will have that done.

Q. With due deference to you and other senior officers present, I wish to protest about Mr. Bryce referring to the army as being made up of nothing but brigadiers, colonels and sergeants.

Mr. DREW: Before we adjourn there is still the subject of when we meet again, and I do repeat my remarks that having regard to the time—we have only to look at the calendar to see how close we are to Christmas—and the desirability of having the information in the time at our disposal we should meet tomorrow, and while I recognize your desirability in the chair and while I recognize your qualifications to be in the chair, at least if you cannot be here I think a deputy chairman should be appointed for tomorrow because in the nature of the evidence outlined a discussion is going to relate to general activities of the department involved.

The CHAIRMAN: Because of the season I do not wish to fight with you.

Mr. DREW: Will we meet tomorrow?

The CHAIRMAN: No, the next meeting is on Tuesday. We need time to obtain the information.

Mr. DREW: Now, Mr. Chairman, we have got on very amicably this morning, but let us not get away from the fact that if we do not meet until Tuesday it could only be described as an intention to make this committee ineffective in this session. It is perfectly clear that we are not going to have enough meetings at the very outside to effectively cover the information that this committee should have if it really wants to get all the information about defence expenditures. Now, there is not any reason why this committee should not meet tomorrow.

Mr. BLANCHETTE: I was just going to observe that there are a lot of committees finishing and yesterday the public accounts committee, to which a number of the members of this committee belong, was at the instance of Mr. Fleming's strong representations called for tomorrow, and there is a lot of overlapping of these committees. I do not see how we can carry on with committees, some of which are finishing up in the last couple of days.

Mr. MACDONNELL: What about Monday?

Mr. DREW: I would suggest that—

The CHAIRMAN: Mr. Drew, I started out to say that we have asked for information and I have discussed the matter with the officials of the department and asked them to give us every bit of information available. They are working as hard as they can to collect that information. They would not like to bring half-baked or incomplete information and then have the question raised: Why can't we have the answer on this today? Why was not the whole answer brought in?" The House has yet another week to live, I think.

Mr. DREW: I hope you are not regarding that amended motion before the House as a want of confidence motion?

The CHAIRMAN: By common consent we agree that we will sit another week. We will try during the week to get some of the information. I will speak to the departmental officials and ascertain whether the information is



ready. If it is ready I have no objection to calling a meeting on Monday. There is no reason I know of why that should not be done if that is the wish of the committee.

Mr. STICK: Mr. Chairman, we have a steering committee on this committee. Mr. Drew's suggestion is a reasonable one, but I think if we leave it to the steering committee—

Mr. DREW: Which one, tomorrow or Monday?

Mr. STICK: Mr. Chairman, I think as we have a steering committee we should leave the matter to be dealt with by the steering committee, to give consideration to the suggestion which has been made by Mr. Drew. They might find it possible to accommodate him. But we have a steering committee and I suggest that that steering committee do its work.

Mr. DREW: Mr. Chairman, why delegate to the steering committee our responsibility. We should decide what we want to do. I should think we ought to meet tomorrow, or at the latest on Monday; and I repeat my request for tomorrow. I think this committee is not going to be able to do its job, even the very limited job it might hope to do during this current session. There is only one course open to me as I see it, and that is to test the committee. I move that this committee when it adjourns today meet at 11 o'clock tomorrow morning.

The CHAIRMAN: It has been moved by Mr. Drew that this committee meet tomorrow morning at 11 o'clock.

Mr. DREW: If the chairman will undertake that we will meet at 11 o'clock on Monday, I am prepared to withdraw my motion; otherwise I can only regard it as a desire not to meet, but a desire to delay the whole committee.

The CHAIRMAN: I think it is just as well not to pass up that accusation, that there is a desire to stifle the committee. I can assure the committee that there is no such thought in my mind. I am just as anxious as any member on this committee to get on with our work. It is my money as well as everybody else's money. We are all concerned with it. There are billions of dollars being spent, and I want to know about that expenditure as well as anyone else. I would point out, however, that at the present time there are two things involved: there is the colating and obtaining of this information, and that is not just as easy as pushing a button, and it has to be intelligently presented in a form that is easily understood. The next matter is that there have been commitments by members for other committees. Now, I indicate that it might be quite possible that we could meet on Monday.

Mr. DREW: All right then, let's meet on Monday.

The CHAIRMAN: Mr. Stick has pointed out something which I think is important, that we should have a meeting of the steering committee and leave it to the steering committee to decide. I suggest we leave the matter to the steering committee. I think we will work it out.

Mr. MACDONNELL: And they might find it possible for us to sit on Monday.

The CHAIRMAN: Yes.

Mr. MACDONNELL: I think we should be able to have a meeting on Monday because even though the officials will not have an opportunity to bring down all the information, there will be enough of it available for us to be able to proceed on Monday. Well, if they can do it, that is O.K., and what they are not able to produce for our use at the meeting on Monday can be brought forward at our next meeting. I do not think that anyone believes there is not a great deal they could give us on Monday.

The CHAIRMAN: I think we will be able to call the committee on Monday, but in view of what Mr. Stick said I think we should have a meeting of



the steering committee. I have indicated what my view is, I do not think there will be any great difficulty about arranging a meeting for Monday morning.

Mr. DREW: There is only one point further that I would like to point out and it is this; it is quite possible to adjust matters by a motion of the House this afternoon. There has been further information of a general nature which it has been indicated ought to be presented to us and it can be presented to us without the necessity of inquiry as to whether the experts are going to have the other information available. I wish to repeat my motion, that when this committee rises, it rises to meet again at 11 o'clock tomorrow.

The CHAIRMAN: It has been moved by Mr. Drew that the committee when it rises today sits again tomorrow morning at 11 o'clock. All those in favour? Those opposed?

I declare the motion lost.

I will call a meeting of the steering committee for the purpose of discussing this matter further.

The committee adjourned to the call of the chair.

## APPENDIX I

OTTAWA, December 6, 1951.

THE ROLE OF THE TREASURY BOARD AND THE  
DEPARTMENT OF FINANCE IN DEALING WITH  
DEFENCE EXPENDITURES(Statement by R. B. Bryce, Department of Finance)  
presented this day

1. The formal procedures and responsibilities of the Treasury Board in dealing with defence expenditures and related matters are much the same as in similar matters relating to other Departments, with some modifications in detail to take account of the much larger size and number of the transactions and of the elements of the program and establishments. The major decisions in regard to the defence program, budget, and establishment are of such importance, however, that they are made by the Cabinet or by the Cabinet Defence Committee in the first instance, and the Treasury Board does its work within the framework of the policy so determined. The Department of Finance prepares material for the use of the Minister of Finance at the Cabinet or Cabinet Defence Committee in considering matters relating to defence expenditure. For this purpose the officers of the Department consult frequently and closely with the officers of the Department of National Defence and of the Defence Forces, and where necessary, of Defence Production. The form and nature of such consultations do not follow a formal or fixed pattern, but depend upon the circumstances in each case.

2. The Treasury Board consider and make decisions upon, or make recommendations to the Governor in Council upon, the following types of question relating to defence expenditures:

- (a) details of Defence estimates within the general program and budget approved by the Cabinet;
- (b) changes in the details of the Estimates that are recommended by the Minister or the Department of National Defence during the year, and which require transfers between allotments established within the Defence appropriations;
- (c) the authorization of specific construction projects within the defence program, many of which cannot be finally settled at the time the Estimates are approved;
- (d) changes in the scales of pay and allowances and the various regulations relating to pay and allowances and the conditions of service in the Forces;
- (e) special pension cases and problems. Formerly the Board authorized all pension payments, but the routine cases are now dealt with directly within the Forces and the Department of National Defence, under the recent amendments to the Act;
- (f) certain other special types of transactions, some of a relatively minor but troublesome nature, such as settlement of damage claims, ex gratia payments, special travel and removal claims falling outside the normal regulations, payments of capitation rates to other countries in respect of materials and services provided to the Canadian Forces, and purchase of office equipment;

- (g) allotment of funds for capital assistance projects undertaken by the Department of Defence Production under the Defence Production Act and related appropriations, such as Votes 77 and 681.

It may be noted that the Treasury Board do not consider and deal with the procurement contracts for the Department of National Defence, which are handled directly by the Governor in Council, in accordance with the details of the Defence Production Act.

3. In addition to the matters dealt with by the Treasury Board and the Cabinet Defence Committee noted above, the Department of Finance

- (a) assists the Minister of Finance in reaching agreement with the Minister of National Defence on the rank structure for the Canadian Forces within the total number of Forces authorized by the Governor in Council,
- (b) takes part in the working out with the Defence Department and Forces, the Chairman of the Chiefs of Staff, the Department of External Affairs and others of the arrangements with other countries under the North Atlantic Treaty, and the preparation of messages, instructions, and reports for Canadian representatives at meetings of the North Atlantic Treaty Organization, and
- (c) works out, with other Departments and agencies concerned, various financial and economic measures required to implement the defence program and offset any unfavourable economic effects of defence expenditures.

4. The Comptroller of the Treasury and his disbursing and accounting offices play a large role in the administration of defence expenditures. It is understood, however, that the Committee is to obtain a special statement on this subject later.

NOTE: This statement was distributed to the Members of the Committee.

## ERRATUM

### *Minutes of Evidence of December 6—No. 2*

Page 53—delete paragraph 6 and substitute the following therefor:

“Part of the information was given the other day in the House on Orders of the Day. The whole information as to why the De Havilland Comets were purchased should be produced to the Committee. I am not clear whether this evidence could be given by either of the Deputy Ministers from the two Departments here to-day but it is available in the Department and could be brought forward. The two aircraft, namely the de Havilland Comet and the Avro Jet Liner are not comparable but the reasons why they are not comparable are more or less technical. I think the Committee should have the reasons for the purchase and they can be produced.”



## MINUTES OF PROCEEDINGS

MONDAY, December 10, 1951.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Balcom, Blanchette, Campney, Cavers, Churchill, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Power, Quelch, Stick, Weaver, and Wright. (23).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Mr. T. N. Beaupre, Mr. G. W. Hunter and Miss Ruth E. Addison.

From the *Department of National Defence*: Mr. C. M. Drury, Mr. E. B. Armstrong, and Mr. A. S. Duncan.

From the *Department of Finance*: Mr. R. B. Bryce.  
The Chairman tabled:

1. P.C. 6171—Composition of the Treasury Board.

(See Appendix A),

2. Mimeographed copy of Mr. Bryce's statement made on December 6, copies of which were mailed to the members of the Committee. (See Appendix I to Evidence of December 6, No. 2),
3. A correction in Mr. Mackenzie's statement made on December 6 last, copies of which were also mailed to the members.

The Committee resumed its consideration of defence expenditures and commitments.

Mr. Mackenzie was called. He gave full particulars with respect to the purchase of two De Havilland Comet aircraft, as asked by Mr. Drew, quoting from certified copies of requisition, correspondence, contract, purchase order, etc. The witness was examined thereon and he supplied additional information as requested.

The witness filed with the Clerk a certified copy of the above documents.

Mr. Drury was called and tabled the following documents in answer to questions asked on December 4th and 6th, namely:

Appendix B—List of senior appointments at National Defence Headquarters. (*Supplementary to Chart No. 2 distributed at meeting of December 4.*)

Appendix C—Personnel of the Defence Research Board.

Appendix D—Monthly rates of pay and allowances for all ranks for the Armed Services. (November 30, 1951).

Appendix E—North Atlantic Treaty Organization, Mutual Aid Program, (1950-51 and 1951-52).

Appendix F—Statement of estimates, allotments and expenditures for the Armed Services (1950-1951 fiscal year).

Appendix G—Cumulative statement of expenditures (forecast and actual) for the Armed Services. (1950-51 fiscal year).

Appendix H—Analysis of requests for contracts by Procurement Agency for the Armed Services. (1951-52 fiscal year).

Appendix I—Summary of expenditures for the Armed Services (1950-1951) and (1951-1952)—April 1—October 31, 1951, also for Defence Research Board and departmental administration.

Appendix J—Statement covering:

1. The cost of training, equipping and maintaining the 25th Brigade now in Korea,
2. The cost of R.C.A.F. participation in the Korea airlift,
3. The cost of naval operations in Korean waters.

Appendix K—Return showing the cost of training, equipping and maintaining the 27th Canadian Infantry Brigade.

Thereupon, Mr. Wright tabled a series of eight questions relating to defence contracts. (*See Evidence for details*).

Mr. Drury commented on the documents he tabled and was questioned.

In the course of his examination, he explained that the Standing Group of NATO was a military committee and he gave its composition.

In answer to questions, the witness read into the record figures concerning the special account of NATO Mutual Aid Program on ammunition and the transfer of armament equipment.

Mr. Drew expressed his surprise that answers to the various types of weapons for land, sea and air were not available at this meeting. The Chairman answered that these, along with other replies, would be given as soon as compiled and cleared by the departments concerned.

A discussion on the possibility of holding a meeting before Thursday next took place.

Mr. Drew moved that "when the Committee rises this day, it stand adjourned until Tuesday, December 11 at 11 o'clock a.m."

The question being put, it was resolved in the negative.

At 1.10 o'clock p.m., Mr. Drury's examination still continuing, on motion of Mr. Stick the Committee adjourned until Thursday, December 13, at 11 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*

## EVIDENCE

MONDAY, December 10, 1951.

The CHAIRMAN: Gentlemen, I see a quorum.

There are a few matters which I think we should dispose of. A question was asked by Mr. Bryce about the composition of the Treasury Board. He has made a return and I am putting it on the file. I do not think it is of great importance at the moment.

Mr. GEORGE: Mr. Chairman, will that appear in the record?

The CHAIRMAN: Yes.

(Appendix A: Personnel of Treasury Board).

Then you have all received a copy of Mr. Bryce's statement. I think we should also have that on the record to make sure that it will be there with the statement he made. That, I think, disposes of Mr. Bryce.

(See Appendix I—Evidence of December 6—No. 2: Duties of Treasury Board in relation to defence expenditures).

The members also received a correction of Mr. Mackenzie's statement deleting the first six lines of page 12 of his mimeographed brief and replacing them by a correction that he wishes to make. That will be done.

Now, at the last meeting, Mr. Drew asked for a certified copy of documents relating to the purchase of two de Havilland Comet aircraft. I will call Mr. Mackenzie.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production,** recalled:

Mr. WRIGHT: Before you call Mr. Mackenzie, Mr. Chairman, I asked for information about the members of the Defence Research Board. Is that information available?

The CHAIRMAN: Yes, Mr. Wright, as soon as Mr. Drew completes his questioning. We will then refer to questions by other members. (See Appendix C).

The WITNESS: Mr. Chairman, the purchase of two de Havilland Comets starts with a requisition received from the Department of National Defence by the Minister of Trade and Commerce. This was Requisition number 93, dated February 26, 1951, which covered a number of types of aircraft, but the item concerned was item number 9. I have here a copy from which I will read:

### *"Requisition*

To: The Minister of Trade and Commerce  
c/o Canadian Commercial Corporation.

There is n RCAF requirement for following:—

Item No.	Primary No.	Nature of Material or Work
9	62	Procurement of 4 Four-Engine Long Range Transport Aircraft

Funds have been requested in the 1951-52 preliminary estimates for the above items. Would you therefore arrange provision of the



above in accordance with detailed contract demands to be forwarded to the Canadian Commercial Corporation over the signature of the Deputy Minister or other authorized officers of the Department of National Defence."

That was recommended by D. M. Smith, and signed by C. M. Drury and by the Minister of National Defence.

Hon. Mr. DREW: Is that the full report on that subject?

The CHAIRMAN: It is coming.

The WITNESS: That was the first step. On September 19, 1951, the Rt. Hon. C. D. Howe, Minister of Defence Production, accompanied by departmental officials including Mr. A. C. MacDonald, deputy coordinator, production branch, visited the de Havilland plant in London, England, and inspected and flew in the Comet 1A jet aircraft. Following this visit Mr. Howe instructed Mr. MacDonald to determine whether any of these planes were available from production. Mr. MacDonald was advised by Mr. Thom, of de Havilland, that none were available from production but that a French airline company had an option on two aircraft, although there was some doubt as to whether they would exercise this option. Under those circumstances Mr. Thom suggested that a non-exclusive option at no cost to the Canadian government could be granted for these aircraft if Canada so desired. Mr. Howe, believing that the Department of National Defence might be interested in these aircraft, arranged for a non-exclusive option at no cost to the Canadian government until October 7th. The offer and acceptance of the option were confirmed in an exchange of letters between the Rt. Hon. C. D. Howe and Mr. C. S. Thom, business director, of the de Havilland Aircraft Company Limited. I have these two letters here, if you would like to have them read.

The CHAIRMAN: Would you, please?

The WITNESS: This is one letter:

September 20, 1951.

The Rt. Hon. Mr. C. D. Howe, P.C.,  
c/o Miss Rooney,\*  
Office of the High Commissioner for Canada,  
Canada House, Trafalgar Square, London S.W.1.  
Sir:

Confirming our telephone conversation last night with Mr. A. MacDonald, we have the honour to offer to the Canadian government a first option, covering the whole of the world less France on two Series 1A Comets, Numbers 17 and 18, which are scheduled for the delivery in December 1952 and January 1953. The price of the aircraft is £450,000, each ex-works, fully equipped to B.O.A.C. specification, but less radio, which would be installed to the Canadian government's requirements.

We agreed that this option would come into force today, and will extend until October 7, 1951.

An option on these two aircraft is already held in France, but this option specifically excludes the North American continent, where we have retained our right to sell the two aircraft in question.

We trust that this arrangement is satisfactory to the Canadian government, and that we may look forward to their esteemed order.

We have the honour to be, sir,

Your obedient servants,  
for The de Havilland Aircraft Company Limited.

(Sgd.) C. S. THOM,  
Business Director.

Mr. Howe replied to that from London, England, on September 20, 1951:

I wish to thank you for your letter of September 20. The matter of the possible purchase of two Series IA Comets, Numbers 17 and 18, will be given early consideration by my Government.

Subsequently this option was extended to October 14 by an exchange of wires between Mr. A. C. MacDonald and Mr. Thom. On the 5th of October Mr. A. C. MacDonald, Division of Defence Production wired to Mr. Thom.

Your letter to Right Honourable C. D. Howe granting option on two Comets until October seventh with reservation respecting France. Air force officers here actively progressing recommendation which at this stage appears favourable and would greatly appreciate your extending option closing until October tenth, nineteen fifty-one. Please cable undersigned.

That was replied to by Mr. Thom on the 6th of October in which he cabled Mr. MacDonald:

Your cable received very pleased extend option further week compliments.

As Mr. Howe planned to remain in the United Kingdom until the end of September he directed Mr. MacDonald who was returning to Canada to advise the Department of National Defence regarding the existence of this option. On September 25, Mr. A. C. MacDonald advised Air Marshal W. A. Curtis, Chief of Air Staff, of the option.

The Department of National Defence decided that the acquisition of the two Comets offered in the option would satisfactorily meet an outstanding requirement for four engine long range transport, to meet the normal attrition of this type of aircraft. I am advised by National Defence, who made this decision, that these are the considerations which led them to this conclusion. Two other considerations dictated the desirability of acquiring the Comets. One of those is the necessity for providing personnel of air transport command with first hand familiarization in both operation and maintenance of modern high speed multi-engined jet transports. The other is the urgent requirement for having an aircraft capable of simulating flight conditions of a modern strategic bomber attack. This is required in order to exercise the air defence system in this country in a realistic and adequate fashion.

Consideration was given to the utilization of the Avro jetliner as an alternative but was rejected on the following grounds:

The jetliner is in the prototype stage only and further development is required. The additional development and production for the small R.C.A.F. requirement would be a very costly matter since these would have to be absorbed over a very few units. Furthermore, an indefinite lengthy period would elapse, probably in excess of two years, before additional aircraft became available.

Any additional effort expended on the jetliner would have a direct effect on the output of the CF-100 production.

The de Havilland Comet is a proven type currently in production and therefore will be a cheaper aeroplane.

The de Havilland Comet offers the R.C.A.F. a much greater flexibility in employment than the Avro jetliner since it has a much longer range and considerably greater payload.

I might say that just before the option expired, in a telephone conversation from Mr. Claxton to Mr. Howe, Mr. Howe was advised that the air force were proposing to buy these Comets and further informal advice went to the de Havilland company.

The next document on the record is dated October 9 and is a formal contract demand. I perhaps should say, Mr. Chairman, that in my evidence the other day I referred to a contract demand carrying the signature of the Minister of National Defence. I used the wrong term. The original document the minister signs is a requisition; the contract demand is a subsequent document to the requisition. I just say that for the correction of the record.

This document reads as follows:

Service Ref. No.	Part or Stock No.	D. H. DEHAVILLAND COMET TRANSPORT Detailed Description of Requirements (Complete details will facilitate purchase)	Section No. Misc.	Quantity required	Amount Encumbered
Note		CD 511673 is raised for the purchase of DeHavilland Comet 4 engine Transport Aircraft (four D.H. Ghost gas turbine engines) and provisioning of Airframe Spares, Spare engines, a/c and engine accessories and publications.....			
	A	DeHavilland Comet 4 engine transport (c/w 4 D.H. Ghost gas turbine engines).....ea		2	
	B	Spare Engines Ghost Gas turbine.....ea		8	
	C	Spares to be supplied to the following percentage value Range and quantity to be advised later— (i) Airframe Spares (15% of unit cost)..... (ii) Engine spares (to be advised later)..... (iii) Engine and Aircraft accessories (to be advised later).... (iv) Electronic Equipment and Spare (to be advised later).... (v) Other GFP Spares and spare parts (to be advised).....			
	D	Special tools and Ground Handling equipment (to be advised).			
	E	Publications (to be advised).....			
	1	Delivery of aircraft to be ea 1 before 31 Mar 52 and ea 1 after 1 April during fiscal year 1952-53.			
	2	Inspection to be arranged by AOC AMC Inspection.			
	3	Delivery of Aircraft arranged by AOC AMC.			
	4	Inspection Receipt Vouchers to be prepared by consignee designated.			
	5	Price shown on CD is an estimate only; any additional funds required are to be referred by means of a DDP-16 to RCAF Liaison Officer, Room B251, No. 2 Temp. Bldg.			
	6	All shipments against this CD must be accompanied by priced shipping documents for customs purpose.			
	7	All customs clearances and Sales Tax on equipment affected by this CD will be cleared by consignee.			
	8	Copies of Acceptance of Tender are required by— CTO/DND.....1 copy      AMC.....5 copies DAF.....2 copies      Consignee.....3 copies			
		Total Estimated Cost.....\$ 3,500,000.00 Cash.....\$ 1,750,000.00 *F.Y.....\$ 1,750,000.00			
		Oct. 9, 1951.      *FUTURE YEARS COMMITMENT			

This bears six or seven signatures:

A. E. McKnight; G. J. Lanigan; T. L. Doolittle; V. S. J. Millard; and it is certified that provision has been made in the approved estimates for that commitment and that the appropriate item has been charged therewith—that is signed by O. J. Gillin; it has been certified by the chief treasury officer that



the unencumbered balance is available for the current fiscal year's expenditure—signed C. A. Morrow; and it is signed for the Department of National Defence by A. B. Coulter.

On November 16, the Minister of Defence Production forwarded to council a submission recommending purchase of the two Comet transports.

Mr. DREW: On November 16?

The WITNESS: Yes.

The undersigned has the honour to represent:

That a requisition has been received from the Department of National Defence requesting that the undersigned arrange for the procurement of two (2) De Havilland Comet (Mk. I) Aircraft, complete with 8 Spare Engines therefore, and a quantity of Ancillary Equipment consisting of Spares, Accessories, Special Tools and Ground Handling Equipment, and Publications for the maintenance of the said Comet Aircraft, to meet the requirements of the Royal Canadian Air Force;

That negotiations were entered into with the De Havilland Aircraft of Canada Limited, Toronto, Ont., the Canadian subsidiary of The De Havilland Aircraft Company, Hatfield, England, who is the manufacturer of the Aircraft required, as a result of which it has agreed to supply the said Comet Aircraft at a price of £450,000 each, f.a.f. Hatfield, England, and has agreed to supply the said Spare Engines and Ancillary Equipment on a "price to be negotiated" basis, which price is presently estimated to amount to \$812,672.00;

That the undersigned proposes, subject to the approval of Your Excellency in Council, to enter into a contract with The De Havilland Aircraft of Canada Limited covering the supply of the said 2 Comet (Mk. I) Aircraft, Spare Engines and Ancillary Equipment, on the foregoing basis:

That the said contract is to provide for payment to the contractor as follows:

1. Twenty-five per cent of the total of the above mentioned prices per aircraft and estimated cost of Engines and Ancillary Equipment when the said contract is placed;
2. Twenty-five per cent of the price per aircraft when the said aircraft shall be 60 per cent complete;
3. Thirty per cent of the price per aircraft when the said aircraft shall be 90 per cent complete;
4. The balance of the price per aircraft upon delivery of the said aircraft;

That the total expenditure involved, presently estimated to amount to \$3,512,672.00, is chargeable to Department of National Defence Financial Encumbrance No. 47412;

That the proposed contract is in the public interest.

The undersigned, therefore, has the honour to recommend that authority be granted to enter into a contract with The De Havilland Aircraft of Canada Limited, accordingly.

Respectfully submitted,

C. D. HOWE,  
*Minister of Defence Production.*

Then there is the order in council passed on the 20th of November, 1951, bearing number P.C. 6213. This is certified to be a true copy of a minute of a meeting of the Privy Council, approved by His Excellency the Governor General on the 20th of November, 1951.

The Committee of the Privy Council have had before them a report, dated 16th November, 1951 from the Minister of Defence Production, representing:

That a requisition has been received from the Department of National Defence requesting that the minister arrange for the procurement of two (2) de Havilland Comet (Mk. 1), aircraft, complete with 8 spare engines therefor, and a quantity of ancillary equipment consisting of spares, accessories, special tools and ground handling equipment, and publications for the maintenance of the said Comet aircraft, to meet the requirements of the Royal Canadian Air Force;

That negotiations were entered into with The De Havilland Aircraft of Canada Limited, Toronto, Ont., the Canadian subsidiary of The De Havilland Aircraft Company, Hatfield, England, who is the manufacturer of the aircraft required, as a result of which it has agreed to supply the said Comet aircraft at a price of £450,000 each, f.a.f. Hatfield, England, and has agreed to supply the said spare engines and ancillary equipment on a "price to be negotiated" basis, which price is presently estimated to amount to \$812,672.00;

That it is proposed, subject to the approval of the Governor in Council, to enter into a contract with The De Havilland Aircraft of Canada Limited covering the supply of the said 2 Comet (Mk. 1) aircraft, spare engines and ancillary equipment, on the foregoing basis;

That the said contract is to provide for payment to the contractor as follows:

1. 25% of the total of the abovementioned prices per aircraft and estimated cost of engines and ancillary equipment when the said contract is placed;
2. 25% of the price per aircraft when the said aircraft shall be 60% complete;
3. 30% of the price per aircraft when the said aircraft shall be 90% complete;
4. the balance of the price per aircraft upon delivery of the said aircraft;

That the total expenditure involved, presently estimated to amount to \$3,312,672.00, is chargeable to Department of National Defence Financial Encumbrance No. 47412;

That the proposed contract is in the public interest.

The Committee, therefore, on the recommendation of the Minister of Defence Production, advise that authority be granted to enter into a contract with The De Havilland Aircraft of Canada Limited, accordingly.

On November 28, the Department of Defence Production sent a purchase order to the de Havilland Aircraft of Canada Limited for two de Havilland Comet 4-engine aircraft, and eight ghost gas turbine engines, and appropriate spares. This purchase order was confirmed by C. H. Dickens on behalf of de Havilland Aircraft of Canada Limited on December 4, 1951.

On November 27, the Department of National Defence announced the purchase of two Comet Transport aircraft.

The actual purchase order is here, Mr. Chairman. It repeats all these technical details. Would you like to have it put on the record?

Mr. DREW: I would not think there is any necessity of having it put on the record, Mr. Chairman.

The CHAIRMAN: I think we ought to have it on the record, but you need not read it all if it is repetitious.

The WITNESS: It sets out all the particulars of the payment.

The CHAIRMAN: It has been covered by the order in council?

The WITNESS: Yes, but it is probably in a little more detail.

The CHAIRMAN: If it is something that this committee ought to have, this is the opportunity to deal with it. So you had better read it.

The WITNESS:

# DEPARTMENT OF DEFENCE PRODUCTION

Ottawa, November 28, 1951.

The De Havilland Aircraft of Canada,  
Station "L",  
Toronto, Ontario.

Attention: Mr. C. H. Dickens.

All invoices, shipping bills, waybills, packing slips and packages must show all the following purchase order numbers.

B.18-38-217/AIR/C.D. 511673/FE 47412 P.C. 6213  
2-B-1-714-CDEF-101

Serial

## PURCHASE ORDER

Please sell and/or supply to His Majesty the King in right of Canada, upon the terms and conditions set out herein and on the reverse side hereof, the supplies and/or services listed below and on any attached sheets or schedules at the price or prices set out therefor.

Delivery is to be made—see below.

Consign shipment to—to be arranged.

F.O.B.—see below.

Sales Tax—see below.

Cash Discount Terms—net.

Quantity	Item, Part or Ref. No.	Description of Supplies	Price
2 only		De Havilland "Comet" four engine Transport Aircraft (4DH Ghost Gas Turbine Engines) equipped to standard specification, less radio.....	Canadian dollar equivalent to £450,000-0-0 each
8 "		Ghost Gas Turbine Engines.....	To be arranged
		Following spares are to be provided with details to be supplied later:	" "
		1. Airframe Spares 15% of unit cost.....	
		2. Engine Spares.....	
		3. Engines and Aircraft Spares.....	
		4. Electronic Equipment and Spares.....	
		5. Special tools and ground handling equipment.....	
		6. Publications.....	

Invoices less Progress Payments made.

INVOICES: To be made out to and paid by Dept. of National Defence. Send original and two (2) copies to Consignee; one (1) copy to Chief Treasury Officer, Dept. of National Defence, "A" Building, Ottawa, Ontario; and one (1) copy to Department of Defence Production, Ottawa, Ontario.

Vote: 600-62-73-575 HQ. FILE: MISC 511673

Est. Cost  
\$3,512,672.00



## DELIVERY

One Aircraft is to be delivered by December 1, 1952, second aircraft by January 1, 1953. Delivery of spares to be arranged.

## PAYMENT

On receipt of this order there will become due and payable to you the Canadian dollar equivalent of £ 254,930 sterling representing 25% of the price of the aircraft and 25% of the estimated price in the United Kingdom in pounds sterling of the eight spare engines. In addition, there will become due and payable to you an amount of \$100,000 representing 25% of the estimated cost of the spare parts.

On receipt of documentary evidence of 60% completion of each aircraft, a further payment in the Canadian dollar equivalent of £ 112,500 sterling per aircraft shall become due and payable and on receipt of documentary evidence of 90% completion of each aircraft a further payment in the Canadian dollar equivalent of £ 135,000 sterling per aircraft shall become due and payable.

A certificate signed by the RCAF Inspector or the representative of the RCAF's duly authorized inspection agency will be accepted as evidence of percentage of completion.

The balance of the price of each aircraft will be paid on acceptance of the aircraft. The balance of the price of spare engines and spare parts will be paid on delivery to, and acceptance by RCAF.

Inspection to be to the satisfaction of the Air Officer Commanding, Air Material Command, R.C.A.F., Ottawa, or his authorized representative, by whom arrangements for inspection at source or destination will be concluded, and to whom all matters pertaining to the inspection or acceptance of goods should be referred, and to whom the contractor will apply for any technical information regarding the goods or work supplied under this contract, unless otherwise specifically directed.

All shipments against this order must be accompanied by priced shipping documents for customs purposes.

The above mentioned price shall include delivery of the Aircraft F.A.F. Hatfield, England. Spare engines and spare parts will be delivered by you F.O.B. Cars, Toronto, Ontario.

*Sales Tax* on aircraft will be paid by RCAF as RCAF will take title to Aircraft in the United Kingdom. *Sales Tax* on spare engines and spare parts to be paid by you and included in final prices agreed upon.

Supply and installation of radio, if required, to be negotiated when RCAF requirements are known.

General Condition (Secrecy and Protection of work) contained in Form CCC-314A shall be applicable to and shall form part of this Purchase Order.

Accepted by the de Havilland Aircraft of Canada Ltd.

C. H. DICKENS, Director.

(Returned under date of Dec. 4/51)

MINISTER OF DEFENCE PRODUCTION

Per W. F. Murphy.

By Mr. Drew:

Q. Does that complete the picture?—A. I think that is the complete story, Mr. Chairman.

Q. Then, having regard to that, I am interested in the sequence of events from this point of view: on December 3, 1947, by P.C. 4436 the Canadian government decided to support the development and construction of an aircraft known as the C-102 jet transport. You are aware of that order in council, Mr. Mackenzie, and under that order in council various sums were advanced for the development of that aircraft. Do you know the total amount that was advanced in connection with the development of that aircraft?—A. The total amount advanced to October 31, 1951, by the Canadian government was \$6,568,363.

Q. Is any more payable under that order in council?—A. There is an item in the estimates of the Department of Defence Production, and if my memory serves me correctly, it is \$1 million. That is in the estimates for this year. For the first seven months of 1951-1952, \$275,000 has been spent against that \$1 million. There may be some other charges, but I can say that they will undoubtedly be small, because the work has been largely suspended in order to get on with the other items in the plant.

Q. You say the work has been suspended?—A. Largely suspended.

Q. What is still being done in that connection?—A. In the first place, one prototype only has been made. The prototype is there but the development of it is not going ahead very fast at the moment. It has been set aside in order to get on with production of the more important item—the fighter aircraft. I cannot say that work has been completely stopped, but the great bulk of the efforts of the A. V. Roe Company has been directed to fighter aircraft.

Q. I am interested only from this point of view: I do not think that anyone who has been following the development of jet transport is in any doubt about the status of the de Havilland Comet. I recall the demonstration of the jet liner here on March 12, 1950, which, I fancy, a number of those who are here today also attended. But I was under the impression that it represented a model that was in production. What we saw under demonstration at that time. We were given an explanation of its speed and its utility. That would indicate, I think, one of the things that naturally concerns this committee, namely the fact that this demonstration was put on by the Department of National Defence in a manner and with explanations which gave the impression that this was the presentation of a proved aircraft. There was undoubtedly a suggestion that it was intended as a transport aircraft which, in addition to any other uses, would be available for military transport service as well.

Now, you do not indicate exactly how much is still being done, but according to what you say, development of this aircraft has been substantially stopped.

I was interested in an item which I saw in a very reliable publication in the United States, the *Newsweek* of December 10, from which I quote at page 69:

... a major U.S. airline has indefinitely put off plans to put the Avro jetliner into service. Avro Canada stopped making it to turn out jet fighters.

Do you know of any arrangement made with a major United States airline to use the Avro Jet liner?—A. No.

Q. That would not come to your attention. The reason I ask you is that the activities of A. V. Roe are very substantially under constant supervision by the

officials of your department through the association of that plant with the department with which you are associated. That is correct, is it not?—A. Yes, indeed.

Q. There were a number of things which gave rise to the belief that this was a practical air liner because on June 7 last year, there was a British United Press dispatch from Sydney, Australia, dated June 7 which said:

... Canada's Avro jetliner will operate regular transport flights across the Australian continent before the end of 1950, air line officials said today.

I merely mention that there was some reason to believe that this jet liner had reached a point at which there was a fair measure of production.

I understand that one of the things which held up commercial delivery was the orenda engine which was to be installed in it. Is that correct?—A. No, sir.

Q. Was it the orenda engine which was in the one which was flown here?—A. No, sir. I am almost certain that the C-102 jet liner was never intended to be powered by the orenda. I know that the prototype which is now flying certainly does not have the orenda engine.

Q. I know that, but at that time, on March 12, 1950, neither did the CF-100. That is correct, is it not?—A. I could not say as to that specific demonstration. The CF-100 has flown with an orenda engine.

Q. But at that time, you will recall, there were English engines, were there not?—A. That is correct. But I understand that the 102 is not designed—I am sure that it is not designed for the orenda engine.

Q. Then it would seem to me to be of direct interest to this committee to know what the decisions of your department were. I am not speaking of policy, but of decisions from the point of view of the considerations which led to that decision, to at least suspend for all practical purposes the development and production of the Avro jetliner because I recall that great emphasis was placed on the fact that we must not be dependent on aircraft produced either outside of Canada or outside of this continent.

I recall as an example a number of reports and I shall refer to one specific report dated April 20, 1949. This report appeared in the *Toronto Daily Star* of that date, and I read:

Had the RCAF selected the British Vampire as the backbone of its first-line fighter strength, Canada would soon have a "complete orphan" in its air force, R.C.A.F. officials declared today. Under the best circumstances necessary for the growth and maintenance of an adequate fighter force, the latest Vampire would be non-standard with both the U.S. air force and the R.A.F.

I recall a number of cases when we were told that the reason that it was not desirable to acquire newer types of Vampires was because of the fact that it would be undesirable to have what were described as orphans. In what way does the general decision with respect to the De Havilland Comet differ from the decision that was made in regard to the other types of aircraft?—A. Mr. Chairman, this is essentially a question for National Defence, but I think I can say this with safety, that there is a very great difference between buying two transport aircraft in order to gain experience with four-engine jet aircraft and a decision to embark on production of a particular type of fighter aircraft to equip a whole fighting force. It seems to me the two situations are quite different.

Q. Perhaps I can ask a question which will throw some light on that. One of the reasons that you gave for the decision to buy this particular aircraft



was that it would make it possible to simulate flight conditions in a bomber attack. Are any jet bombers on order?—A. There are no jet bombers on order by the Canadian air force.

Q. Or by the Department of Defence Production?—A. I should say by the Department of Defence Production. I should say that the explanation of the decision to purchase which I read was the explanation given me by the Department of National Defence, because we in the Department of Defence Production do not decide or assess the reasons why they want or do not want transport aircraft.

Q. I realize that. I was simply asking the question whether any jet bombers of any type are now on order by the Department of Defence Production?—A. No, sir.

Mr. WEAVER: Could I ask the witness the difference in range between the Comet and the Avro jet air liner?

The WITNESS: Mr. Chairman, I can give a certain amount of information. I am not going to pose before the committee as an expert on aircraft, or on the comparability of aircraft. I have a few notes here that were supplied to me by some of our officials. The ultimate range of the Comet is 3,450 statute miles, and that of the Avro jet liner is 2,000 statute miles. The pay load of the Comet at ultimate range is 10,000 pounds. The pay load of the Avro jet liner with a range of 1,250 miles is 10,000 pounds. I must beg off getting into any detailed explanation of ranges because it is all tied up in with pay loads and speeds and altitudes, and all sorts of technical details.

*By Mr. Drew:*

Q. One of the questions that you may or may not be able to answer, but which would be disclosed by what you have examined, is why it was decided to buy the Comet with the Ghost when I understand that the Mark II Comet will have Rolls Royce Avons of a much greater thrust. Do you know if that consideration came before your department?—A. I do not think it came before our department. Certainly the specifications as written by the air force specified the Ghost engines.

Q. Are you aware of the fact that the Mark II is being equipped with the Avon?—A. I am afraid I am not familiar with that.

Q. I merely mention that because I understand the Mark II is being equipped with them, and that it is a much more powerful engine.

Mr. McILRAITH: It seems to me we are now getting into a situation which involves the giving of evidence, and I think that if we are going to have some evidence we should have it all.

Mr. DREW: I think we would be glad to have it all.

Mr. McILRAITH: The point, Mr. Chairman is this: we are being told that this plane is now being equipped with this new engine. Now, it seems to me we should be told the next step, when, because in it there is a question of delivery. Dates become important in all these discussions on production, and if there is any further knowledge on that point by the Leader of the Opposition if he would let us have it, it would be helpful.

Mr. DREW: I cannot, of course, give the delivery dates, but Janes Aircraft which came out last week gives the details of the Comet II with the Avon engines and describes it "in production".

Mr. McILRAITH: It does not say when those will be ready for delivery.

Mr. DREW: That is what the Department of Defence Production can give us.

Mr. McILRAITH: I object to having evidence of that sort put on the record unless it is put on completely. You can see the danger we are getting into. I do not think it is too germane at the moment, but if there is information as to the date that it can be delivered we should have it.

Mr. DREW: That may be one reason why they did not do it. I do not think the Department of Defence Production is responsible for ascertaining facts of that kind. The request was simply for four long-range transports without even asking for jets, and the proceedings from that point on were proceedings that resulted from the indication by the Department of Defence Production that this was a desirable aircraft, so I was merely asking a question in relation to a new type which has been off the secret list a long time and on which I thought the Department of Defence Production could tell us what the delivery date would be.

The CHAIRMAN: I understand Mr. Drew asked a question. I do not understand that he is to give information. Information is to come from the witness.

Mr. DREW: Quite right.

Mr. McILRAITH: That was my point.

The CHAIRMAN: A good point, and we will be a little more careful in asking further questions.

Mr. DREW: Certainly there cannot be much uncertainty or secrecy about those that are shown in Janes Aircraft as being machines now in production.

The CHAIRMAN: Quite right.

*By Mr. Drew:*

Q. I recognize that the witness is not in a position to do more than simply describe the actual steps that have been taken. Questions of policy are beyond the realm of both his authority and what he should be permitted to answer, so I will not ask them. I am merely asking if in making the decision from the point of view of money and the consideration of money, if in the discussions of which he is aware there was a discussion as to the number of millions of dollars that had been invested in the jet liner known as the C-102, and if information was obtained as to when that might be in production and when that might be delivered with such new types of jet engines as might be available, and with the installation of English engines if the Canadian government was going to turn to English equipment, because that would have to be a further consideration that involved the expenditure of money for advance performance. Are you aware of any discussion along that line as to the comparative dates on which delivery might be expected of the C-102 as compared with the de Havilland Comet?—A. I cannot give any precise date, Mr. Chairman. It was clear that, to carry through and build two Avro jet liners, they would have to be built as a custom job. There were no other firm orders on the books; therefore, you would have to go about setting up production, setting up tooling, and really building two custom-built aircraft, which is a different thing from buying aircraft coming off a production line. Whatever the time would be, it would certainly have been longer to make delivery of two of those aircraft to the air force than the delay required in getting two Comets, which type had proceeded to a much more advanced stage in development, which was in production and being sold commercially around the world. You asked the question with what engines the subsequent Marks of the Comet are going to be powered. All I know is that every jet engine manufacturer in the world is working on some new development and some new Marks and improvement of their engines. As and when those

engines come into production is a matter than only time will tell. But what was available were two aircraft with proven engines that would serve the purpose for which the air force raised the demand.

Mr. CAMPNEY: Did you not say that another major consideration was the desirability of the Avro concentration on CF-100—

The CHAIRMAN: Members cannot hear a word you say, Mr. Campney. Would you speak a little louder? Ask the question again so that all members in the room can hear.

Mr. CAMPNEY: I asked Mr. Mackenzie whether in fact the desirability of the Avro Company concentrating on CF-100's long-range bombers was not another factor in that procedure. I understood you to say so earlier.

The WITNESS: That factor is the reason that the Avro Company was directed and encouraged to concentrate all their efforts on the development of the fighter and the reason that the development of the jet liner was slowed down. Therefore it is a contributing factor to the possible availability of delivery.

Mr. DREW: There was one point I want to clear up on the record. Mr. Campney asked about the concentration on C-100 bombers.

The CHAIRMAN: He meant fighters.

Mr. CAMPNEY: Of course I meant fighters.

Mr. DREW: That is better.

*By Mr. Adamson:*

Q. The witness said that the jet liner production was slowed down. I understood it was stopped altogether. Which is correct?—A. To all intents and purposes it was stopped. There may be some small items of expense going on, but to all intents and purposes it has been stopped, and this is evidenced by the fact that in the seven months of 1951-52 the total amount that the Canadian government has contributed to its development is \$275,000.

Q. Have you any estimate of what that aircraft has cost up to now?—A. I gave the figure earlier.

Q. I am sorry.

*By Mr. Drew:*

Q. That is the Canadian government's contribution. Do you know whether the company would have expended an amount above that?—A. Yes, it has.

Q. Do you know what that amount would be?—A. Yes, during the same period the company has expended \$2,317,772, a total of \$8,886,135.

Q. Which is directly chargeable to this particular aircraft, to its development?—A. That is the total cost of the development of the aircraft.

*By Mr. Macdonnell:*

Q. Mr. Mackenzie has referred to setting aside the work which was going forward on this type and he has explained very clearly the reasons which impelled the department to order the two de Havillands, because, as he said, the Canadian product would have had to be custom built, there being no other demand for them. Were those considerations in people's minds when the decision to spend that large amount of money took place, or have there been new conditions set up which have necessitated the virtual abandonment, as I understand it, for an indefinite time, of the work on which so much had been invested?—A. Well, I think the evidence here perhaps will help to clear up Mr. Macdonnell's point. The Canadian government's contribution to the development of the C-102 in the year 1950-51—



The CHAIRMAN: May I suggest that you break those figures down, and by doing that you will help the committee. Members of the committee will not see them for a little while. Could you have these figures broken down by years?

The WITNESS: I should just put in this qualification, that the figures for the first three years are in round figures. They are more accurate in the last two years. I will read, first of all, the figures of the Canadian government's contribution to this project.

In 1947-48, \$1,500,000; 1948-49, \$2,000,000; 1949-50, \$1,500,000; 1950-51, \$1,293,363.

Then 7 months to date in 1951-52, \$275,000; total, \$6,568,363.

The A. V. Roe Company contribution during the same years:

1947-48, \$580,000; 1948-49, \$705,000; 1949-50, \$585,000; 1950-51, \$293,169.

Then 7 months to date in 1951-52, \$154,603; total, \$2,317,772.

So that the falling off in expenditures starts in 1950-51 and is fairly well down in the first 7 months 1951-52, whereas the purchase of the Comet developed only really in the last few months; starting, as I explained, from Mr. Howe having a ride in a Comet in September of this year. He seemed to be impressed that this airplane might serve the purpose very satisfactorily.

Mr. MACDONNELL: If I understand you correctly the drop-off in expenditure began at the beginning of the current fiscal year. There had been already indicated a very marked decrease. And now, has that any significance? Does that indicate that there was already a change in mind, or am I attributing some significance that is not there? Do I make my point?

The WITNESS: I think I see what you are getting at, Mr. Macdonnell. The falling-off here is an indication of the added pressure that had been put on to the development of the CF-100 fighter, and it was done at the expense of development on the C-102 jet airliner.

Mr. WRIGHT: Can we have those figures again, Mr. Chairman?

The CHAIRMAN: Sorry, we can't hear you, Mr. Wright.

Mr. WRIGHT: Could we have similar figures for the fighter planes as you have just given us for the transport?

The WITNESS: I haven't the figures here, and that is another matter altogether.

Mr. MACDONNELL: Mr. Chairman, might I ask one further question. When you described the setting aside of the work, as being largely suspended, is that because of want of factory space or want of labour or why is it that this could not have gone on longer?

The WITNESS: There are a number of considerations there. I should think one of the most important is the shortage of senior engineering ability and general managerial skill; that the top directorate of the Avro were asked to put their best foot forward on the fighter, and if necessary for that purpose really to suspend their activity on the jet airliner.

*By Mr. Drew:*

Q. I would suggest, Mr. Mackenzie, following that explanation, that factory space would hardly be a factor because I think you will agree with me that very substantial additional factory space has been built there in their forward development of the CF-100. Is that not correct; I mean, within the last few months?—A. There has been to my knowledge no new space at the A. V. Roe Company plant provided for making airframes.

Q. That is quite so, but is it not true that in order to get into production that a plant has been built or is being built at the present time at Malton for that purpose?—A. There is a new engine plant being built at Malton.

Q. Exactly.—A. That is for engine design and production, not for airframes.

Q. Of course any type of development goes into the same type of walls, and I would imagine that if you decided to proceed with this program of production you would have been able to arrange for the provision of a larger plant at Malton for that purpose similar to the new plant for engine production.—A. No, sir. The engine plant is an entirely separate operation.

Q. I realize that.—A. And there would not be room, I am quite sure, in the A. V. Roe airframe operation to build both at the same time.

Q. I would not suggest that it be put either in the present airframe operation or in the new engine building. I am merely suggesting that if there had been reason to go ahead on the new jet liner that at the same time as orders were placed for the new engine building at Malton the proprietors or the government could also have placed orders for new space for this further airframe production.—A. I suppose it could have been done if circumstances had warranted it.

Q. Yes. Then I want to go back for a moment to one further question referring to development. I understand that it was intended to acquire an aircraft that would be able to simulate the flight conditions of a bomber attack. That implies, of course, the training of bomber crew. I then come to this question. Is it at present planned to order jet bombers? I am only asking you, what is under consideration; or, whether a decision has been made?—A. Mr. Chairman, that would not be for me to answer. This department, the Department of Defence Production, can only deal with the orders which it has received.

Q. Well then, have any decisions been communicated to you about the placing of orders for jet bombers?—A. No, sir.

Mr. FULTON: It seems to me that the discussion here of the situation as regards discontinuing the development work on jet airliners possibly indicates a situation which is closely parallel to what, as far as I have been able to gather, exists in the United States where there is a difference of opinion between the over-all defence production direction there and the defence personnel themselves as to whether there is a sufficient cut-back in civilian production in United States so as to allow for the defence production which the Defence Departments want. I would like to ask Mr. Mackenzie what the position is here and whether in fact the decision to discontinue the development work on the jet airliner and to concentrate on the CF-100, is indicative of at least a tendency towards a cut-back of civilian production and effort, and a further concentration on defence.

The CHAIRMAN: Mr. Fulton, I think that is possibly a question of policy. Do you really think that Mr. Mackenzie is the person who should answer that? He is here for the purpose of giving information to this committee on matters on which the committee has jurisdiction. Don't you think you are getting a little far afield?

Mr. FULTON: Well, I assume, Mr. Chairman, Mr. Mackenzie, being the deputy minister of the department charged with matters relating to defence production, would be aware of the decisions that have been taken, if they had been taken, as to the issue either of instructions or orders, whatever they may have been, to cut back civilian production and to concentrate on defence program.

The CHAIRMAN: If such a decision had been made we would have been informed of it in the House of Commons.

Mr. FULTON: But, Mr. Chairman, they are not always announced in that form.



The CHAIRMAN: If a decision of that kind had been taken it would have been a decision at the highest level; it would have been a policy decision and would have been communicated to us in the ordinary way.

Mr. FULTON: No, I do not think so, that does not follow at all.

The CHAIRMAN: It should follow, and it usually does.

Mr. McILRAITH: Mr. Chairman, if I may: isn't that a question of policy? Surely, the deputy minister is not the one to give evidence on policy decisions, as to what decisions have been taken or may be taken. It seems to me that is absolutely beyond the evidence which a deputy minister should be expected to give.

The CHAIRMAN: Let us for the moment deal with the matter we have before us without waiting any decision on Mr. Fulton's questions.

Mr. FULTON: What was the matter before us?

The CHAIRMAN: The matter before us was the request made by Mr. Drew relating to the purchase of two de Havilland Comet aircraft. I think, in fairness to other members of the committee who are not as well briefed on this matter as some who have taken a more keen interest in it, they ought to be given an opportunity to read the record before we go any further on this matter. We can come back to it again at a future time. Are there some immediate questions members have on this particular subject?

*By Mr. Adamson:*

Q. There is one question along this line—about the development of the jet airliner. It was certainly my impression and certainly I think the impression of the Canadian people that the jet airliner was a tremendous step forward, that there was a large future for it and a large potential number of orders. And now, is this committee to understand that there will be only two orders placed?—A. Mr. Chairman, there are no orders that I know of for jet airliners. As I understand it, the question we have been dealing with is whether or not the service requirement for two jet type transport planes—whether that order should have gone into an Avro airliner rather than the Comet. I don't know whether I should go back over that field again—

Mr. ADAMSON: No.

The WITNESS: But there are no orders of which I know for the Avro jet airliner. It is still only a prototype airplane. It is not in production.

Mr. ADAMSON: I appreciate that, but I was under the impression that there were potential orders for large numbers of this type of aircraft.

The CHAIRMAN: Then, Mr. Adamson, just before putting these questions and asking for answers. Do you think it is wise that we should lay the industry open to embarrassment through questions that might be asked here? Is it not possible that something said here might in some way unfairly reflect on that industry unnecessarily? I leave it for you to decide.

Mr. ADAMSON: I trust that nothing said before this committee will in any way prejudice their interests, that is the last thing I would want to do.

The CHAIRMAN: Mr. Adamson, as you know, a great many people read the record of our proceedings here. My only thought was that some of the answers given might do harm to the industry. However, it is a matter which I leave to you.

Mr. ADAMSON: Well, Mr. Chairman, I don't think for a moment that it will hurt the industry.

The CHAIRMAN: All right, go ahead.

The WITNESS: My understanding of the question is that there has been consideration given to the possibility of further development and utilization



of the Avro jet airliner. As far as I know the consideration has not got to the stage of actual ordering, and no doubt further development would be necessary before orders could be placed. The slow-down of development has been dictated on the one side by the urgency of getting on with the CF-100. The whole thing has not been scrapped or abandoned as such, it has been set aside so that priority could be given to the undertaking of further development of the fighter aircraft.

Mr. ADAMSON: That is just exactly the answer I wanted; the jet airliner has not been sufficiently developed to be in the production stage, and that the facilities existing at the A. V. Roe Company were not sufficient to carry on the dual program of the jet airliner and the jet fighter. Is that correct?

The WITNESS: That is correct.

*By Mr. Macdonnell:*

Q. My question is this. If this work has been largely suspended and set aside—the words are different from those Mr. Mackenzie used but their significance is the same—what benefit, if any, will we have got for the expenditure of eight million dollars of public money; and, in asking that question I point out that this has been going on for 5 years; so there has been plenty of time in which to foresee developments. My immediate question is: What benefit will we have got if production is not resumed?—A. We undoubtedly have a very substantial benefit in the existence of the A. V. Roe Company which has been working on the development of and on developing jet engines, and airplanes to be powered by jet engines. However, whether or not this jet airliner ever gets into production, it has meant the building up of an industry which is now getting on with the production of jet fighters and presumably can return to production at some later date if conditions permit the production of civilian jet aircraft.

Q. Then the requirements for both must have been in the minds of those concerned for years. Why do we—I don't know why we should run into this difficulty now.

Mr. GEORGE: Mr. Chairman, apropos of that question, nobody has brought up the thought that things have been changed by the international situation. I would like to ask a question along these lines. If the war had not come on and if there had not been a sudden demand for fighters, would we not have continued to develop these jet liners?

The WITNESS: I would presume so.

Mr. GEORGE: Is that not the answer?

Mr. STICK: May I interject something?

The CHAIRMAN: Yes, Mr. Stick.

Mr. STICK: Mr. Macdonnell said there was \$8 million of public money.

The WITNESS: \$6 million.

Mr. STICK: Mr. Macdonnell said \$8 million, and I wanted to keep the record straight.

Mr. MACDONNELL: I think Mr. Mackenzie can correct it.

The WITNESS: It is \$6,500,000 of public money up to the end of October 1951, and \$2,300,000—

Mr. MACDONNELL: With the obligation of how much? An additional \$750,000?

The WITNESS: In the estimates of this year an amount of \$1 million has been provided, but that is not an actual commitment.

Mr. STICK: I only raised the question to keep the record straight.

Mr. DREW: Unless this is stopped completely it is to be assumed that the \$750,000 will be used, so it carries the figure to over \$7 million of public money. Is that not right?

Mr. McILRAITH: Before the question is answered, the evidence is that there was an estimate put in for this year. Surely that does not warrant the assumption now, when the evidence has been that the program has been largely set aside, that it is going to be all expended.

The CHAIRMAN: I think we are limited to expenditures or commitments, strictly.

Mr. DREW: The commitment is there up to whatever amount has been allowed—it is going to be used—and Mr. Mackenzie can perhaps answer this, unless it has been practically stopped there are obviously expenditures that are going to call upon the remainder of this estimate?

The WITNESS: Mr. Drew, the \$1 million estimate is an authorization and I pointed out that in the seven months of the year a total of \$275,000 has been spent. I would think it extremely unlikely that the balance would be spent in the remaining five months of the year.

The CHAIRMAN: Gentlemen, we are now reverting back to our original task—

*By Mr. Drew:*

Q. I just want to raise one question and I assure you this will terminate it. You spoke of the value that had been obtained from this expenditure, Mr. Mackenzie, even though work has stopped on the C-102. In doing so, you emphasized the experience and advancement that took place in engine development in this country—development of the jet engine.—A. I mentioned jet engines and airframes to be propelled—

Q. I am pointing out to you that you said a short time ago your understanding was this aircraft was not going to use the engines going to be produced there?—A. If I remember correctly I said the development of jet engines and airframes to be propelled by jet engines—

Q. Then this money had nothing to do with the development of the particular jet engine, if it was not going to be used for that particular aircraft?—A. It was to develop airframes designed to be propelled by jet engines.

Q. Well, Mr. Mackenzie, Mr. Macdonald's question related to the advantage that had been gained by the expenditure of this money. If the airframe has to be obtained, then there must be some other advantages— and you mentioned the advantage of the jet engine?—A. I think I said the department was interested in the development of the over-all problem. I think the two are not unrelated.

The CHAIRMAN: When did the Avro plant establish in Toronto?

The WITNESS: I do not know—after the termination of the last war. It would have been about 1945, or 1946, but I have not the specific date.

Mr. DREW: If nobody objects I can suggest to you, Mr. Mackenzie, that it was in 1946.

Mr. WEAVER: Mr. Chairman, may I ask—

The CHAIRMAN: May I just follow my question for one minute. Have you any idea of the number of people employed there in 1948, 1949, 1950 and 1951?

The WITNESS: I cannot give you any figures offhand on that.

The CHAIRMAN: Now, Mr. Weaver?

Mr. WEAVER: It seems to me that these two aircraft are built to do entirely different jobs, because on the figures Mr. Mackenzie gave, one has very nearly three times the range of the other. In other words, one could fly the Atlantic and the other could not. Am I not correct in that?

The WITNESS: They are entirely different. They are fundamentally designed for different purposes.

The CHAIRMAN: For the moment that brings to a conclusion questions with respect to the two de Havilland aircraft, until such times as you have had an opportunity of reading the record—which will not be soon—perhaps not this session—nevertheless you have the information. Now, we revert back to our previous proceedings and start again with Mr. Drury.

Mr. FULTON: Mr. Chairman, are we not to question Mr. Mackenzie further at this stage on general subjects?

The CHAIRMAN: Not at this stage.

Mr. FULTON: Will he be back?

The CHAIRMAN: Yes.

Mr. WRIGHT: At this session? I have a series of questions that would come within Mr. Mackenzie's jurisdiction. I think they could be put on the record now and be answered later.

The CHAIRMAN: It would not be possible for him to answer questions at the moment.

Mr. WRIGHT: No.

The CHAIRMAN: At a little later stage I will suggest to the committee a method of obtaining answers in the interval.

Mr. WRIGHT: I want them put on the record so the information will be available at a later date, at this session.

The CHAIRMAN: I assure you of an opportunity to do that, Mr. Wright.

Mr. FULTON: At this sittings?

The CHAIRMAN: I do not know.

We now have Mr. Drury.

**Mr. C. M. Drury, Deputy Minister of National Defence, called:**

The CHAIRMAN: It is my purpose, gentlemen, to have questions answered in the order in which they were asked. In this respect we are very fortunate in that we have a copy of each answer for every member of the committee—so they will have it immediately before them. In that way you can proceed and question on the matters now or later.

The first document is in answer to a question asked by the chairman, a list of senior appointments, supplementing Chart 2 tabled on December 4 by Mr. Drury. You have the list before you, with your permission we will table this document.

Mr. CAMPNEY: Would it not be better to have it printed in the proceedings?

The CHAIRMAN: Is it agreed that all these be printed?

Agreed. (See Appendix B).

The second document is in answer to a question asked by Mr. Wright about the defence research board. Shall that be printed in the report?

Agreed.

(See Appendix C).

Next is a table of monthly pay and allowances, asked for by Messrs. Stick and Churchill. We will revert to these documents in a few minutes.

(See Appendix D).



Next is a statement on NATO mutual aid program, asked for by Messrs. Wright, Churchill and Macdonnell.

(See Appendix E).

Next is a statement of estimates, allotments and expenditures, asked for by Mr. Macdonnell.

(See Appendix F).

Next is a cumulative statement of expenditures, forecast and actual, asked for by Mr. Macdonnell.

(See Appendix G).

Next is an analysis of requests for contracts by procurement agency, 1951-52, asked for by Mr. Macdonnell.

(See Appendix H).

Next is a summary of expenditures, 1950-51, etc., asked for by Mr. Macdonnell.

(See Appendix I).

"And then we have a statement covering (1) the cost of training, equipment and maintaining the 25th Canadian Brigade now in Korea; (2) the cost to the RCAF of its participation in the Korea airlift; and (3) the cost to the Navy of its participation in Korea naval operations. This return was asked for by Mr. Macdonnell.

(See Appendix J).

Finally, there is a return on the cost of training, equipment and maintaining the 27th Canadian Infantry Brigade, also asked for by Mr. Macdonnell.

(See Appendix K).

The Department have not yet been able to bring down answers to all questions. There are half a dozen which are being prepared. That will be done as soon as possible.

Just at this stage I appreciate that you cannot digest all this information in a minute; it will take you some time.

Might I suggest that if there are any of you who have questions, you let us have them now. This will not be the last time, but it is an opportunity. You have some questions, Mr. Wright?

Mr. WRIGHT: Yes.

The CHAIRMAN: Have you very many?

Mr. WRIGHT: I have 8 questions, Mr. Chairman.

Mr. BALCOM: Mr. Chairman, should we not have time in which to digest this material? I suggest that we have an adjournment.

The CHAIRMAN: I am trying to use our committee time usefully by asking anyone who has questions to state what they are. That should not take much time. Now, Mr. Wright, before Mr. Drury has something to say on these returns, are there any questions? You have said that you have some?

Mr. WRIGHT: Yes.

The CHAIRMAN: Then let us have them.

*By Mr. Wright:*

Q. They have to do with Canadair. My questions are as follows:

#### DEFENCE CONTRACTS

1. (a) How many contracts has the government (including all government departments as well as crown companies) awarded to Canadair?
- (b) What product, products and or services was each contract for and what is the amount of each such contract?

2. (a) What is the total cost to the government of each of the F-86 planes (including air frames, engines, radio, armaments and other special equipment) now being built by Canadair?  
(b) What was the total cost to the government of each of the thirty F-86 planes (including air frames, engines, radio, armament and special equipment) built in California?
3. (a) Is any of the sub-contracting for any of the parts or equipment of the F-86 awarded by the government or any crown company rather than by Canadair?  
(b) If so, what parts are involved, to whom have such contracts been awarded and what is the amount of each?
4. (a) Does the federal government or any crown company pay for the GE-J-47 engines used in the F-86 planes being built for the government by Canadair?  
(b) What is the price of each of the engines used in the F-86?  
(c) What is the total amount spent for these engines in the period under review?  
(d) From whom are they purchased?
5. (a) Have any advances been made to Canadair for capital expenditures for production and supply of aircraft during the fiscal year under review?  
(b) If so, how much?  
(c) How much has been cleared on advances made during the previous year?  
(d) What was the nature of capital expenditures for which this money was spent?
6. (a) Does Canadair Limited have an agreement with the government for the use of Cartierville Airport?  
(b) What are the terms of this agreement?  
(c) How much does Canadair pay for the use of this airport?  
(d) Is the airport used by any other company or by any government department?
7. (a) Is Canadair producing F-86 planes or parts thereof for any other country or countries?  
(b) If so, what countries?
8. (a) Does the government or any crown agency own any shares in either the Electric Boat Corporation, or in Canadair Limited?

These are the questions I am asking, Mr. Chairman.

The CHAIRMAN: You will not feel angry, Mr. Wright, if you do not get quick answers to your questions?

Mr. WRIGHT: I did not expect an answer today.

The CHAIRMAN: I said "quick" answers.

Mr. STICK: Make it an order for return, Mr. Chairman.

The CHAIRMAN: Are there any other questions?

Mr. GAUTHIER: Why not put them in book form?

Mr. ADAMSON: Mr. Chairman, I suggest that the capital set-up of Canadair might well go into the record after those questions, because they are all along the same line.

The CHAIRMAN: Mr. Drury may have some comments to make on these returns which are now before you all.

The WITNESS: I think it might be helpful to say a word or two by way of explanation of some of these documents which may help the members of the committee, if I may use the term, to "digest" them.

First, the list of members of the Defence Research Board and the number of officers at National Defence headquarters I do not think need any explanation.

*By Mr. Cavers:*

Q. I notice that the chairman of the chiefs of staff is Lieutenant General C. Foulkes. How many members are on the committee of the chiefs of staff?—

A. The chiefs of staff committee is composed of the chairman, the chief of the naval staff, the chief of the general staff, and the chief of the air staff; also, the chairman of the Defence Research Board.

Q. Thank you, very much.—A. And as I pointed out last meeting, there are other people normally in attendance.

Now, will the members please turn to the “table of monthly pay and allowances for the armed forces”. You will see that the ranks are shown for each of the 3 services and it will be noted that the basic pay arrangements are the same for each of the equivalent ranks in each of the 3 services. The ranks are set forward to show the parallel names given to the ranks in the army, navy and air force.

*By Mr. Stick:*

Q. I understand that the rank of lieutenant general and vice admiral come under different categories, do they not?—A. There is no provision in the pay regulations for the pay of a lieutenant general. We only have 2, and they are provided for by a special order in council for each of them.

Q. That is what I mean. And that is why it is not here?—A. That is right.

The next document is the “NATO-Mutual Aid Program”. The initials NATO stand for North Atlantic Treaty Organization. This is a summary of the transactions since the beginning of the mutual aid program in the fiscal year 1950-51 which were brought about by a special appropriation of \$300 million. The original \$300 million appropriation was supplemented by a further appropriation this current fiscal year to bring the total appropriation for mutual aid to \$361,383,108 in cash expenditures in the 2 fiscal years in question, and authority to commit against the future year’s appropriations of \$29,720,000.

Mr. MACDOUGALL: Well, while we are on that table, Mr. Chairman, might I ask under the heading of “Armament and Ammunition, offered but not allocated” this question: Am I right in inferring that the various items under that table have been offered to NATO but have not been either accepted or allocated?

The WITNESS: That is correct. The standing group has been notified.

The CHAIRMAN: Will you explain “standing group”?

The WITNESS: The standing group is the military body of NATO which coordinates military activities on behalf of the council. It is composed of representatives of the United States, the United Kingdom, and France. The standing group is the central military coordinating agency of NATO. It is the body to whom we advise the availabilities of this equipment with the dates on which they will be ready for release; and the standing group, after considering the military requirements for equipment of the North Atlantic Treaty countries, recommends to the Canadian government the allocation of this equipment to various of the NATO countries.

Mr. GEORGE: Who is the chairman of that NATO board?



The WITNESS: I think it is General Bradley of the United States forces; the chairman of the United States joint chiefs of staff.

Mr. ADAMSON: How many members comprise that group?

The WITNESS: You mean the standing group?

Mr. ADAMSON: Yes.

The WITNESS: Three.

Mr. ADAMSON: Do you know the other two?

The WITNESS: I think they are Air Chief Marshall Slessor for the United Kingdom and General of the Air Force Leclerc for France. Their representation in Washington are Vice Admiral Gerauld Wright of the United States, Air Chief Marshal Sir William Elliot of the United Kingdom, and Lt. Gen. Paul Ely of France.

*By Mr. Harkness:*

Q. In connection with ammunition for the Netherlands, the figure of \$56,750,000 was the value placed on that equipment by the Department of National Defence. Is that correct?—A. That is correct.

Q. And when that equipment was turned over, that amount of money was to be put into a special fund which would be available to the Department of National Defence with which to buy new equipment?—A. That is correct.

Q. And for all these sums we show a total of \$220 million odd. Has that amount been placed in this special fund?—A. No. The amount shown is under the heading "committed" in the second series of columns as against the appropriated amount. Oh, excuse me, under the heading "expended to date"; the final column shows the total amount transferred into the special account, namely, \$220 million odd.

Q. That has all been put into this special account? Is that correct?

The WITNESS: My attention has been drawn to the question of "Air crew training". The sums for that item do not go into the special account.

*By Mr. Harkness:*

Q. You mean the \$40,600,000 odd?—A. No. I mean the \$2,628,000, and the \$22 million odd.

Q. \$24 million altogether, \$24,600,000?—A. That is correct.

Q. And that has not gone into the special account?—A. Further a transfer of equipment from new production does not go into the special account.

Q. The total amount in it is \$195,417,000?—A. That is the total amount that has been transferred into the special account.

Q. What expenditures, if any, have been made out of this special account?—A. I have some figures on that.

Q. Perhaps we might have a return on that. I would like the return to be similar to that showing the amount spent out of this special account and what has been referred to with it.—A. I have the figures here, although I have not got 30 odd copies of it.

The CHAIRMAN: Very well. Read them into the record.

The WITNESS: In 1950-51 there was expended out of this special account for replacement equipment \$19,885,625; this was for armament and ammunition.

In the first months of the current fiscal year up to the 31st of October, there was expended a total of \$73,549,381, of which \$18,959,295 was for armament and ammunition to supplement that spent in the previous fiscal year in replacement of equipment transferred to the Netherlands. Accompanying that was a small expenditure of \$8,546 for tools, publications, and tool sets in respect of the same equipment. In replacement of equipment sent to Belgium

in the current fiscal year, and out of this same total we have expended \$11,368,645 for ammunitions, and \$2,919,360 for armament equipment; \$19,116,021 for tanks and armoured fighting vehicles, and \$310,000 for tools and tool kits. And then against the other replacement items shown in the Mutual Aid Program list, we have expended \$2,479,153 for ammunition, and \$18,388,361 for armament.

Mr. DREW: What does that include?

The WITNESS: Guns and rifles, army armament, small arms and guns.

Mr. ADAMSON: Have you the totals there?

The WITNESS: The totals I gave initially; for the last fiscal year, \$19,885,625, and the total to date for this year, \$73,549,381.

Mr. MACDOUGALL: Have you the figures for the unexpired portion of this year—I mean, what is still left unexpended?

The WITNESS: I have not worked out the arithmetic, but what was left unspent is the difference between \$195,417,215 and \$93,435,006.

The CHAIRMAN: \$102,000,000 approximately.

The WITNESS: The items shown as transfer from existing stocks are those being, from time to time, announced as having been transferred. As I mentioned before, the armament and ammunition offered but not allocated means notified to the standing group as becoming available from time to time in accordance with the general policy to transfer this equipment to the North Atlantic Treaty Organization, and a request made for the recommendations of the standing group as to the countries or country to which the equipment should be allocated.

The aircrew training—again the recommendations of the standing group as to the allocation of vacancies to various countries desiring or needing air crew training in this country are sought and so far have been accepted. The costs of this air crew training include everything except the pay and allowance of the NATO trainees. The transfer of equipment from new production—

Mr. WRIGHT: Could you give us the numbers who are in training or trained?

The WITNESS: I have some information on that if desired. Graduated: trained for the R.A.F., 25 pilots to date—the R.A.F. of the United Kingdom; Belgium, 10 pilots and 4 navigators; Holland, 8 pilots; France, 24 pilots and 20 navigators; Norway, 10 pilots and 5 navigators; Italy, 9 pilots and 8 navigators; for a total of 86 pilots and 37 navigators, or 123 in all.

*By Mr. Stick:*

Q. What is that figure for Italy again?—A. 9 pilots and 8 navigators.

Q. And Holland?—A. The Netherlands, 8 pilots.

Q. And Belgium?—A. 10 pilots and 4 navigators.

Q. Thank you.—A. Under training now for the United Kingdom, 199 pilots and 232 navigators.

Mr. MACDOUGALL: What was that figure again?

The WITNESS: Under training now for the United Kingdom, 199 pilots and 232 navigators; for Belgium, 15 pilots and 10 navigators; for France, 26 pilots; The Netherlands, 3 pilots; Norway, 4 pilots; Italy, 15 navigators; for a total of 247 pilots and 257 navigators. In summary, that is a total of 123 graduated and 504 currently under training.

The transfer of equipment from new production shows the details of the allocation of 300 anti-aircraft No. 4 Mark VI radar sets. The allocation of these 300 sets again is on the recommendation of the standing group as to the countries which should receive them. The funds are paid direct from the appropriation to the Department of Defence Production, which in turn disburses to the manufacturer, in this case Canadian Arsenals Limited.



Mr. McCUSKER: How do you take care of the capital cost involved in providing equipment to manufacturers?

The WITNESS: In order to undertake the manufacture of these radar sets, it was necessary for certain additional tooling and facilities to be provided. The Department of Defence Production have two ways in which they can do this: either allow the user to finance the capital assistance himself and charge back the costs of this additional facility into the cost price of the article, or provide capital assets which, generally speaking, remain in the ownership of the crown but are allowed to be used by the producer. In this case, and Mr. Mackenzie will correct me if I am wrong, these assets were purchased out of the \$2,500,000 and remain in the ownership of the crown.

*By Mr. Stick:*

Q. You charge them higher? The manufacturer is using equipment on which the government has put up the money to purchase. Do you charge him higher for depreciation or anything like that?—A. That is a matter of Defence Production Department procedure, but, as I understand it, if equipment provided is to be used exclusively, as in this case, exclusively for items being manufactured for the government, there is no purpose in charging them higher for it, as they will merely charge it back again on the cost of the item.

Q. I understand if he uses his own equipment he charges the government higher?—A. If he uses his own equipment then the cost of this equipment is paid by him; but however he charges for the use of it, it is in the unit cost of the article. I think Mr. Mackenzie if one would refer to his statement the other day, dealt with this at some length.

The CHAIRMAN: The difficulty is we have not had the printed record yet.

*By Mr. Harkness:*

Q. Mr. Chairman, I would like to ask if there is any difference in the procedure of making payments out of this special fund as compared with ordinary payments, and particularly what limitations there are in regard to what that special fund can be used to purchase.—A. The procedure for making payments out of the special fund is virtually the same as for payments out of the regular appropriation. If it is desired to acquire an article using the special fund rather than the straight appropriation, a request is made of the Department of Defence Production to procure it, and so far as they are concerned it is treated in exactly the same way as any other request. The authorization of the Minister of National Defence in the requisite case is needed, an order in council in the requisite case is obtained, and there is the same procedure in respect to delivery, inspection and payment.

Q. Is there any limitation on what can be purchased out of this fund, or can it be used for any purpose the National Defence Department desires?—A. The purposes for which it can be used are laid down in the terms of the original appropriation—it is to be used for the procurement of equipment of the Canadian forces subject to the approval of the Governor in Council.

The CHAIRMAN: You will notice it is very limited, Mr. Harkness.

Mr. HARKNESS: That is what I was trying to get at, how limited it was.

*By Mr. Harkness:*

Q. Now, if you have not enough money in your appropriation to buy guns, then you can take money out of this special fund to buy them?—A. I would rather put it this way, that if there is not sufficient money in the special fund to meet the cost of the guns, then we would have to endeavour to have this amount supplemented by an appropriation.



Q. What that amounts to is that up to date all your purchases on guns or armament come out of this special fund, is that correct?—A. Not all, Mr. Harkness.

Q. You still have \$100,000,000 of that left, approximately?

Mr. MACDOUGALL: \$102,000,000.

The WITNESS: We have against the appropriation of the special fund, \$272,000,000, already committed \$206,698,176.

*By Mr. Harkness:*

Q. You have let contracts to that amount, is that what you mean?—A. No, unfortunately. This statement represents the encumbrance, the encumbrance of funds by the Department of National Defence, and the funds are encumbered or entailed when we send over a requisition carrying a certification that funds are available to the Department of Defence Production. There obviously will be a lag between the time we encumber the funds and send over the requisition to the Department of Defence Production and such time as the Canadian government places the order.

Q. What that means is this, when you will have expended in cash approximately \$93,000,000, you will have left in that fund \$102,000,000 approximately, and you have made commitments against that of another \$140,000,000 or so.—A. We have encumbered these funds to the extent of \$206.7 million. Against those encumbrances we have expended in cash \$93,435,006.

Mr. STICK: It is 1 o'clock, Mr. Chairman. I move we adjourn.

The WITNESS: That represents the rate at which deliveries are being made against these demands.

*By Mr. Harkness:*

Q. In other words, then, as far as your commitment is concerned it is almost finished and you will have to draw on your other appropriation to make up the balance?—A. No, as I pointed out, against the appropriation of \$272,000,000 we have specifically committed approximately \$207,000,000.

Q. The total amount of your fund is only \$195,000,000 to begin with, and you have to draw on your regular appropriation to have equipment and ammunition.—A. Well, in general, I would agree with your statement that we are having to draw on our regular appropriations to purchase armament and ammunition. That is correct.

The CHAIRMAN: Gentlemen, it is 1 o'clock. Just for your information, I suggest that before the next meeting you give some consideration and thought to the questions and the kind of information that you would want from the governmental officials and have them ready at the next meeting so that you can put them on record and give them an opportunity to present them to you at the proper time.

Mr. DREW: Of course I would remind you, Mr. Chairman, that we have already indicated what we are anxious to get is the answers to the questions in regard to weapons of various kinds.

The CHAIRMAN: Mr. Drew, that is not just as easy as I thought it would be. That is being worked on at the moment in the Department of Defence Production. Then it has to be sent to the Department of Defence. Then it will be considered and released to the committee. That all takes quite some time.

Mr. DREW: Mr. Chairman, Mr. Drury could tell us right now what rifles are on order, what machine guns are on order, what bazookas are on order; without all this difficulty. I cannot believe that the Department of National Defence has its records in such a state that they cannot tell any given day exactly what they have and what they have on order.

The CHAIRMAN: Mr. Drew, they can answer that question in a second—

Mr. DREW: That is what I thought, in about a second.

The CHAIRMAN: —except that they require security clearance before these questions are answered. They are now endeavouring to obtain that; and you know, as well as I do, that obtaining clearance takes time, all this material has to be looked at and reviewed from that standpoint before they can bring it down here.

Mr. DREW: You mean clearance on security grounds?

The CHAIRMAN: Quite.

Mr. DREW: There does not seem to be any reason why clearance should not have been given by this time; the items have been before the committee for some time now.

The CHAIRMAN: Since when?

Mr. DREW: Since last week, Thursday, I believe.

The CHAIRMAN: Well, all this entails a considerable amount of work. I may tell you, and the committee, that the Departmental staff worked until 12.30 o'clock last night collecting this information in form to make it available to the committee. I think they did very well.

Mr. DREW: I am raising the issue of answers to questions about the types of weapons that we have for our land, sea and air forces; and, after all, it is weapons that build real defence, with trained men behind them. We have received some general figures which are very important, but, nevertheless, that is where defence lies, in view of the very serious situation we face, and in the eventuality that we may have to fight. As you just said, they could give us those answers in a second with regard to initial production. On this matter of security clearance I appreciate, as you have said, that it is a different group of people who pass on, who decide, whether there is any measure of security involved. As I see it, that should not be very difficult to decide, particularly in view of the fact, as you pointed out, that while it involved the staff working until 12.30 o'clock last night, the material was ready for review from that standpoint then.

The CHAIRMAN: That is exactly what I said: one group of people prepared the material and it is now in the other department, the Department of Defence, for the purpose of security clearance. As soon as it is cleared it will be brought to this committee.

This committee stands adjourned until 11.00 o'clock on Thursday next.

Mr. DREW: Just before you leave the chair, I suggest that we meet at 11.00 o'clock tomorrow.

The CHAIRMAN: We stand adjourned until 11.00 o'clock Thursday morning.

Mr. DREW: Well, Mr. Chairman, I do not want to do any more than present the simple fact that if this committee adjourns until Thursday it means that this committee is not going to get any information before this session ends that is of real value in determining what our expenditures are and what our effective defence position is. I think that we should have some reason before we are told at a time when at any rate the session is coming to a close or may even terminate this week, that we are not going to meet until Thursday. I have heard no suggestion of any reason why we should not meet at 11:00 o'clock tomorrow.

Mr. McILRAITH: May I say something about that? I object to Mr. Drew's statement about our not getting more work done and about there being no



information available for this committee. Surely, information such as we have had brought forward this morning is of real value. Does he suggest that such information is of no worth at all?

Mr. DREW: I said nothing of the kind. Mr. Drury can tell us right now what rifles are on order, what machine guns are on order, and what bazookas are on order, without all this difficulty? I cannot believe that the Department of National Defence has its records in such a state that they cannot tell on any day exactly what they have on order.

The CHAIRMAN: They could answer that question in a second.

Mr. DREW: That is what I thought.

The CHAIRMAN: Except they require certain clearances before these questions are answered. They are now endeavouring to obtain those—and you know the clearances as well as I do—and until such times as they obtain security clearances—

Mr. DREW: There would not seem to be any reason why the clearances could not be granted. This came before the committee—

The CHAIRMAN: Yes, last week, but all this required a considerable amount of work. The Department worked on this until 12.30 last night, in order to bring in this essential material.

Mr. DREW: I am raising a question in regard to answers to questions about the types of weapons that we have for our land, sea, and air forces. After all, it is weapons that mean real defence, and trained men behind them—not simply general figures. Figures are very important but, nevertheless, this is where defence lies or, in the event of a more serious situation, where the ability to fight lies. As you have just said they could give the answer to any of those questions subject to the one question of whether there is security involved. It is a different group of people which will decide whether there are any security measures which apply—different from those who perhaps had to work until 12.30 last night.

The CHAIRMAN: That is exactly the situation. One set of people had to prepare the information. It is now with the Department of Defence for the purpose of security clearance. As soon as it has been cleared we will have it. That is why I intend to have this committee adjourn now until Thursday.

Mr. DREW: Mr. Chairman, I do not want to do any more than simply present the fact that if this committee adjourns now until Thursday it means that the committee is not going to get any information before this session ends.

Mr. MACDONNELL: May I ask a question following that by Mr. Drew. Why can we not meet tomorrow? You are disposing of the matter by saying that it is because the information cannot be prepared.

The CHAIRMAN: It takes some time for us to digest this information, to ask questions intelligently, and the department requires some time to prepare the information. To me, those seem to be two very good reasons.

Mr. MACDONNELL: The only reason you gave two or three minutes ago was the reason of security and that, surely, does not take a very long time.

The CHAIRMAN: I said that was one of the reasons. The information had to be collected in one department, and sent over to be cleared in another department. One of the matters which have to be cleared will be security and that is not done in the snap of a finger. It is very important.

Mr. MACDONNELL: Will you bear in mind that on Wednesday we begin sitting at 11?

The CHAIRMAN: I realize that on Wednesday we sit at 11, and that we will probably close on Friday. That is why I have encouraged this committee to ask for information. I had this in mind: A great deal of information this committee requires cannot be answered at this session. Whatever



is left over will be brought forward in the interval so that when this committee, or a similar committee, meets again in the early part of next session the information will be available for the record. We can then proceed more quickly and effectively. I think if we accomplish that we have accomplished much.

Mr. HARKNESS: Mr. Chairman, I think you are maligning the intelligence of this committee when you say that we cannot meet tomorrow and ask intelligent questions.

The CHAIRMAN: I take that back, Mr. Harkness.

Mr. DREW: Mr. Chairman, I am only going to repeat this. There is no difference between now and tomorrow morning. The whole matter of the ultimate decision on security must be a government decision. There is no difference between now and tomorrow morning with the department, and there are no questions in terms of security in relation to weapons. I will point this out—that it is very strange that we cannot get information which has been given in a very detailed form in the past few days by both the United States and Great Britain.

The CHAIRMAN: Mr. Drew, we must each understand from the very beginning that no one has been refused a tittle of information in this committee. Nothing you have asked for has been refused.

Mr. MACDONNELL: No one is suggesting that.

Mr. DREW: I am asking why we cannot meet tomorrow.

The CHAIRMAN: The main point we are concerned with is obtaining information and it is the hope of every member of this committee that every bit of information be brought forward. Because we cannot bring it forward as quickly as we would want, or as you would want it, it is not possible to meet until later in the week.

Mr. DREW: Let us dispose of this. In your own words you said that questions with regard to weapons could be answered in one second. Those were your words. You said that what prevented an answer was clearance with regard to security, and there is no possible doubt but that between now and tomorrow morning, if that decision has not already been given—clearance on security in regard to the weapons referred to can be given. There undoubtedly may be certain secret weapons but that is known, we are referring to records which are kept to the extent that an ordinary answer can be given in one second. That I think is the most vital information, because what we are doing or preparing to do here is to consider the defence of this country, or we are preparing to meet the threat of something more than defence.

The CHAIRMAN: I am anxious that every bit of that information be brought forward, so for that reason I assure you that it is not possible to do it in so quick a time. It will take a few days in order to reach a conclusion under which I hope it will be possible to give the widest possible information. I do not know what that conclusion may be, but it is important enough so that we should leave it for the next meeting of the committee.

Mr. DREW: Then I move that this committee adjourn to meet again at 11.00 tomorrow morning.

The CHAIRMAN: You have heard the motion. It is moved by Mr. Drew and seconded by Mr. Macdonnell that the committee adjourn to meet again tomorrow morning at 11.00 o'clock. All those in favour? All those against? The motion is lost.

Mr. DREW: I ask that the vote be recorded, Mr. Chairman.

The CHAIRMAN: Very well. All those in favour of Mr. Drew's motion will say "aye".

Mr. STICK: Mr. Chairman, in a committee the other day I asked for the vote to be recorded and they told me it could not be done unless I had made the request before the vote was taken.

The CHAIRMAN: I think you are right, Mr. Stick, and once the vote is taken, it is too late to ask to have a recorded vote. You should I believe, ask for it before the vote is taken.

The meeting adjourned.

## APPENDIX A

P.C. 6171

## COMPOSITION OF TREASURY BOARD

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 21st December, 1950.

The Committee of the Privy Council, on the recommendation of the Right Honourable Louis S. St-Laurent, the Prime Minister, advise:

1. That the following members of the King's Privy Council for Canada—

The Right Honourable J. G. Gardiner  
The Honourable Alphonse Fournier  
The Honourable J. J. McCann  
The Honourable M. F. Gregg  
The Honourable S. S. Garson

do, with the Minister of Finance, constitute the Treasury Board, in accordance with the terms of the Department of Finance and Treasury Board Act, Chapter 71 of the Revised Statutes of Canada, 1927:

2. That the following members of the King's Privy Council for Canada be designated as substitute members of the Treasury Board:

The Honourable Brooke Claxton  
The Honourable Lionel Chevrier  
The Honourable R. W. Mayhew  
The Honourable Hugues Lapointe  
The Honourable Walter Harris

3. That the presence of three members of the said Treasury Board do constitute a quorum thereof.

A. M. HILL,  
*Assistant Clerk of the Privy Council.*



## APPENDIX B

DEPARTMENT OF NATIONAL DEFENCE  
(To be read in connection with Chart No. 2,  
Tabled December 4)

Date: December 10, 1951.

*Requested by Mr. Croll.*

APPOINTMENTS OF SENIOR OFFICERS AT NATIONAL  
DEFENCE HEADQUARTERS, OTTAWA

I. MINISTER'S OFFICE

Minister .....	Hon. Brooke Claxton, DCM, KC, BCL, LLD, MP
Parliamentary Assistants .....	Mr. J. A. Blanchette, M.P. Mr. R. O. Campney, M.P.

II. DEPUTY MINISTER'S OFFICE

Deputy Minister .....	Mr. C. M. Drury, CM, CBE, DSO
Assistant Deputy Minister .....	Mr. E. B. Armstrong (Finance)
Real Estate Advisor .....	Mr. B. B. Campbell, OBE, ED
Assistant Deputy Minister .....	Mr. L. M. Chesley (Requirements)
Judge Advocate General .....	Brigadier W. J. Lawson, EM
Director of Public Relations .....	Mr. W. H. Dumsday
Chief Secretary .....	vacant
Inspection Services .....	Mr. P. Conroy, OBE, MC
Assistant Deputy Minister .....	Mr. J. A. Sharpe, OBE (Admin. & Personnel)

III. CHAIRMAN, CHIEFS OF STAFF

Chairman, Chiefs of Staff .....	Lt. Gen. C. Foulkes, CB, CBE, DSO, CD
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IV. NAVY

Chief of Naval Staff .....	Vice Admiral E. R. Mainguy, OBE, CD
Vice Chief of Naval Staff .....	Rear Admiral H. G. De Wolf, CBE, DSO, DSC
Chief of Naval Technical Services ....	Rear Admiral (E) J. G. Knowlton, OBE
Chief of Naval Personnel .....	Commodore J. C. Hibbard, DSC
Assistant Chief of Naval Staff (Plans) ..	vacant
Assistant Chief of Naval Staff (Air) ..	Commodore C. L. Keighly-Peach, DSO, OBE, RN

V. ARMY

Chief of the General Staff .....	Lt. Gen. G. G. Simonds, CB, CBE, DSO, CD
Vice Chief of the General Staff .....	Major General H. A. Sparling, CBE, DSO, CD
Adjutant General .....	Major General W. H. S. Macklin, CBE
Quartermaster General .....	Major General S. F. Clark, CBE, CD

## VI. AIR FORCE

Chief of the Air Staff .....	Air Marshal W. A. Curtis, CB, CBE, DSC, ED
Vice Chief of the Air Staff .....	Air Vice Marshal F. R. Miller, CBE, CD
Air Member for Personnel .....	Air Vice Marshal F. G. Wait, CBE, CD
Air Member for Technical Services ..	Air Vice Marshal D. M. Smith, CBE, CD

## VII. DEFENCE RESEARCH BOARD

Chairman .....	Dr. O. M. Solandt, OBE, MD, MRCP, FRSC
Chief of Administration .....	Mr. G. W. Dunn, C. A.
Chief of Division A .....	Dr. G. S. Field, MBE, DSC, FRSC, FASA
Chief of Division B .....	Dr. J. J. Green, MBE, BSc, PhD, FRAe.S, FIAS
Chief of Division C .....	Col. G. M. Carrie, OBE, ED, BSc, MEIC.

## APPENDIX C

## DEPARTMENT OF NATIONAL DEFENCE

Date: December 10, 1951

*Requested by Mr. Wright.*

## MEMBERSHIP OF THE DEFENCE RESEARCH BOARD

*Chairman (full-time)*

Omond McKillop Solandt, O.B.E., M.A., M.D., D.Sc., M.R.C.P., F.R.S.C.

*Vice-Chairman (full-time)*

Emlyn Llewelyn Davies, O.B.E., M.Sc.

*Members ex-officio*

The Chief of the Naval Staff—Vice Admiral E. R. Mainguy, O.B.E., C.D.

The Chief of the General Staff—Lieut. General G. G. Simonds, C.B., C.B.E., D.S.O., C.D.

The Chief of the Air Staff—Air Marshal W. A. Curtis, C.B., C.B.E., D.S.C., E.D.

The Deputy Minister of National Defence—C.M. Drury, Esq., C.B.E., D.S.O.

The President of the National Research Council—C. J. Mackenzie, C.M.G., M.C., B.E., M.C.E., D. Eng., D. Sc., LL.D., F.R.S.C., F.R.S

*Members by appointment (for terms of three years)*

R. F. Farquharson, M.B.E., M.B., D.Sc., F.P.C.P.(C), Professor and Head of the Department of Medicine, University of Toronto, Toronto, Ontario. (term expires March 31, 1952)

H. Greville Smith, C.B.E., M.A., President, Canadian Industries Ltd., Montreal, P.Q. (terms expires March 31, 1952)

A. E. Cameron, M.Sc., D.Sc., President, Nova Scotia Technical College, Halifax, N.S. (term expires March 31, 1953)

Brigadier F. C. Wallace, D.S.O., M.C., Executive Vice-President Smith and Stone Ltd., Georgetown, Ont. (term expires March 31, 1953)

A. R. Gordon, O.B.E., M.A., Ph.D., F.R.S.C., Professor and Head of the Department of Chemistry, University of Toronto, Toronto, Ontario. (term expires March 31, 1954)

G. M. Shrum, O.B.E., M.M., M.A., Ph.D., F.R.S.C., Professor and Head of the Department of Physics, University of British Columbia, Vancouver, B.C. (term expires March 31, 1954)

*Secretary*

W. H. Barton, B.A.





APPENDIX D

DEPARTMENT OF NATIONAL DEFENCE

MONTHLY PAY AND ALLOWANCES FOR ALL RANKS FOR THE ARMED FORCES, NOV. 30, 1951

Date: December 10, 1951.

Requested by Messrs. Stick and Churchill.

RANK			PAY		Trades Pay Additional to Basic Pay and Increments- Group Rate	Subsistence, Quarters and Ration Allowances				Marriage Allowance			Separated Family Allowance				Foreign Allowance	Risk Allowance	
NAVY	ARMY	AIR	Basic	Increments		Subsistence Allowance			Ration Allowance		Living Out	Occupying Temporary Quarters		Occupying Permanent Quarters	With Children				Without Children
						\$ cts.	\$ cts.	\$ cts.	Normal Rate	Maximum Rate on Minister's Approval		\$ cts.	\$ cts.		\$ cts.	\$ cts.			
Ordinary Seaman on Entry.	Private Recruit.....	Aircraftsman 2nd Cl	79 00			57 00	24 00	20 00	45 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Ordinary Seaman Trained.	Private 2nd Cl.....	Aircraftsman 1st Cl.	83 00			57 00	24 00	20 00	45 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Able Seaman.....	Private 1st Cl.....	Leading Aircrafts- man.	90 00	After 3 and 6 yrs in the rank add \$3.00		57 00	24 00	20 00	45 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Leading Seaman...	Corporal.....	Corporal.....	103 00		I 4	57 00	24 00	20 00	45 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Petty Officer 2nd Cl	Sergeant.....	Sergeant.....	119 00		II 12	67 00	30 00	20 00	45 00	45 00	30 00	27 50	20 00	67 00	20 00	52 00	5 00	12 00	While undergoing Flying
Petty Officer 1st Class.	Staff Sergeant.....	Flight Sergeant.....	139 00	After 3 and 6 yrs in the rank add \$5.00	III 20	75 00	35 00	20 00	45 00	45 00	30 00	27 50	20 00	75 00	20 00	60 00	5 00	15 00	Parachutist and Submarine Training or while filling an appointment
Chief Petty Officer 2.	Warrant Officer 2...	Warrant Officer Cl 2.	161 00		IV 28	75 00	35 00	20 00	45 00	45 00	30 00	27 50	20 00	75 00	20 00	60 00	5 00	15 00	requiring active and continuous engagement
Chief Petty Officer 1.	Warrant Officer 1...	Warrant Officer Cl 1.	180 00			85 00	40 00	20 00	45 00	45 00	30 00	27 50	20 00	85 00	20 00	70 00	5 00	16 50	
Midshipman			97 00			57 00	24 00	20 00	45 00	45 00								13 50	
Acting Sub-Lieut...	2nd Lieutenant.....	Pilot Officer.....	162 00			61 00	25 00	20 00	45 00	45 00	40 00	37 50	30 00	61 00	20 00	46 00	5 00	13 50	

Sub Lieutenant.....	Lieutenant.....	Flying Officer.....	195 00	After 3 and 6 yrs in the rank and in the case of F111s	79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	16 50	in flying, duties
Commissioned Officer.....	.....	.....	234 00	.....	79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	18 00	parachute jumping or while
Lieutenant.....	Captain.....	Flight Lieutenant...	234 00	After 3 and 6 yrs in the rank add \$15.00	79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	18 00	appointed to serve
Lt Commander.....	Major.....	Squadron Leader...	312 00	.....	98 00	53 00	20 00	45 00	40 00	37 50	30 00	98 00	20 00	83 00	5 00	24 00	in a submarine
Commander.....	Lt-Colonel.....	Wing Commander...	367 00	After 3 and 6 yrs in the rank add \$25.00	108 00	58 00	20 00	45 00	40 00	37 50	30 00	108 00	20 00	93 00	5 00	27 00	\$30 00 per month.
Captain.....	Colonel.....	Group Captain.....	517 00	After 3 and 6 yrs in the rank add \$35.00	119 00	64 00	20 00	45 00	40 00	37 50	30 00	119 00	20 00	104 00	5 00	37 50	
Commodore.....	Brigadier.....	Air Commodore.....	689 00	.....	128 00	68 00	20 00	45 00	40 00	37 50	30 00	128 00	20 00	113 00	5 00	49 50	
Rear Admiral.....	Major General.....	Air Vice Marshal...	786 00	.....	135 00	70 00	20 00	45 00	40 00	37 50	30 00	135 00	20 00	120 00	5 00	55 50	



## APPENDIX E

## DEPARTMENT OF NATIONAL DEFENCE

## NATO—MUTUAL AID PROGRAMME

(1950-51 and 1951-52)

Requested by Messrs. Wright, Churchill and Macdonnell

Date: December 10, 1951.

	Appropriation		Committed		Expended to date
	Cash	Future Years	Cash	Future Years	
<b>Transfer from existing stocks</b>	\$	\$	\$	\$	\$
1950-51					
Armament and Ammunition for 1 Division to Netherlands	56,750,000		56,750,000		56,750,000
Armament and Ammunition for 1 Division to Belgium	56,750,000		56,750,000		56,750,000
Armament and Ammunition for 1 Division to Italy (Minor substitutes)	50,000,000		50,000,000		50,000,000
100 3.7 Guns—62,000 Rounds Ammunition—25 Search Radar—25 Gun laying radar—25 Predictors—25 Generators. (Guns allocated to France 60—Italy 16—Netherlands 16 and Portugal 8)	31,245,000		31,245,000		31,245,000
24 25-Pounder guns to Luxembourg	672,216		672,216		672,216
1951-52					
49 17-Pounder guns and 8,370 Rounds Ammunition to Italy	5,250,000		5,250,000		
Armament and Ammunition to Belgium, Denmark, France, Italy, Netherlands and Norway	6,030,960		6,030,960		
<b>Armament and Ammunition, offered but not allocated</b>					
108 25-Pounder Guns and Ammunition	5,593,527				
200 3.7" AA Guns (Guns only)	11,526,000				
700 PIATS and 32 6-Pounder Guns	501,284				
36 17-Pounder Guns and 1 Year's Spares	1,389,680				
Armament and Ammunition for Jan. '52 release	7,243,002				
Armament and Ammunition for Mar. '52 release	36,562,482				
Armament and Ammunition—balance available for release	3,052,975				
<b>Aircrew Training</b>	272,667,126		206,698,176		195,417,216
Training Costs	15,114,244		2,628,967		2,628,967
Capital Costs	40,685,756		22,011,808		22,011,808
<b>Transfer of equipment from New Production</b>					
300 AA No. 4, Mark VI Radar Sets, allocated to:					
(Including Capital Assistance of \$2,500,000 cash)					
		15,000,000	25,000,000	15,000,000	749,208
Belgium	18				
Denmark	28				
Italy	48				
Netherlands	43				
Norway	13				
U.K.	150				
	300				
180 155-MM. U.S.-type Howitzers	2,435,982	6,500,000	2,435,982	1,564,018	
45,000 sets Walkie-Talkie Radios	5,480,000	8,220,000	5,480,000	8,220,000	
	361,383,108	29,720,000	264,254,933	24,784,018	220,807,199

## APPENDIX F

## DEPARTMENT OF NATIONAL DEFENCE

## STATEMENT OF ESTIMATES, ALLOTMENTS AND EXPENDITURES

1950-51 FISCAL YEAR

Requested by Mr. Macdonnell

Date: Dec. 10, 1951.

	Estimates	Final Cash Allotment	Actual Expenditures
<b>NAVY</b>			
01 Civil Salaries and Wages.....	12,056,688	10,955,331	10,955,330
02 Civilian Allowances.....	12,000	11,615	11,615
03 Pay and Allowances.....	24,055,850	23,770,442	23,770,440
04 Professional and Special Services—			
Corps of Commissioners.....	412,036	479,877	479,877
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	100,000	97,108	97,108
Medical and Dental Consultants and Special Services	101,700	152,705	152,704
Fees for Special Courses.....	463,350	398,437	398,436
05 Travelling and Removal Expenses.....	2,653,150	2,794,084	2,794,083
06 Freight, Express and Cartage.....	550,000	620,589	620,588
07 Postage.....	35,000	35,067	35,067
08 Telephones, Telegrams and other Communication Services.....	497,500	228,546	228,545
09 Printing of Departmental Reports and Other Publications.....	230,000	186,203	186,203
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	180,000	231,788	231,788
11 Office Stationery, Supplies, Equipment and Furnishings	466,000	448,560	448,559
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating Units.....	1,391,300	1,108,568	1,108,568
Clothing and Personal Equipment.....	2,385,636	1,488,666	1,488,666
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	3,035,989	2,021,870	2,021,870
Food Supplies.....	3,018,524	2,646,119	2,646,118
Naval Stores.....	6,760,710	4,038,700	4,038,699
Medical and Dental Supplies.....	118,028	108,420	108,420
Ammunition and Bombs.....	7,650,000	3,961,443	3,961,443
Barrack, Hospital, Camp and Miscellaneous Stores	1,544,500	949,725	949,725
13 Acquisition and Construction of Buildings and Works Including Acquisition of Land—			
Purchase of Real Properties (Land and Buildings) ..	138,000	74,715	74,715
Construction—Major Contract Projects.....	12,951,000	8,521,810	8,434,776
14 Repair and Upkeep of Bldgs and Works including Land	3,658,500	3,818,501	3,818,501
15 Rentals of Land, Buildings and Works.....	65,000	23,331	23,331
16 Major Procurement of Equipment—			
Ships and Aircraft.....	11,940,000	7,922,684	7,922,684
M.E. including Transport.....	796,000	321,662	321,662
Armament Equipment.....	11,008,000	8,498,430	8,498,429
Signal and Wireless Equipment.....	11,725,175	3,621,325	3,621,324
Special Training Equipment.....	156,000	67,643	67,642
17 Repair and Upkeep of Equipment—			
Repair and Upkeep of Ships and Aircraft.....	10,022,286	8,169,134	8,169,133
Repairs and Spare Parts for M.E. incl. Transport..	538,250	412,459	412,458
18 Rentals of Equipment.....			
19 Municipal and Public Utility Services.....	814,700	817,619	817,619
20 Contributions, Grants, Subsidies, etc not incl Elsewhere.	68,547	50,674	50,674
21 Pensions, Superannuation and Other Benefits for Personal Services.....	107,407	132,272	132,272
22 All other Expenditures—			
Laundry and Dry Cleaning.....	50,000	49,180	49,180
Expenditures not Elsewhere Provided.....	930,000	700,828	700,828
	132,731,826		
Less estimated amount for commitments nominally to fall due during the 1950-51 fiscal year but not required for actual expenditures in that year.....	21,195,696		
<b>TOTALS.....</b>	<b>111,536,130</b>	<b>99,936,130</b>	<b>99,849,080</b>

## DEPARTMENT OF NATIONAL DEFENCE—Continued

## Statement of Estimates, Allotments and Expenditures

1950-51 FISCAL YEAR

	Estimates	Final Cash Allotment	Actual Expenditures
<b>ARMY</b>			
01 Civil Salaries and Wages.....	17,216,490	19,762,284	19,762,282
02 Civilian Allowances.....	145,500	186,501	186,500
03 Pay and Allowances.....	65,693,119	64,998,906	64,998,903
04 Professional and Special Services—			
Corps of Commissionaires.....	356,950	420,302	420,301
Professional Fees—Architects, Engineers, Land			
Valuation and Legal.....	200,000	403,000	402,374
Medical and Dental Consultants and Special Services	653,155	787,058	787,058
Fees for special Courses.....	206,000	130,665	130,664
05 Travelling and Removal Expenses.....	6,657,517	8,007,578	8,007,574
06 Freight, Express and Cartage.....	5,516,290	4,598,612	4,598,608
07 Postage.....	127,532	139,484	139,483
08 Telephones, Telegrams and other Communication			
Services.....	800,987	929,191	929,190
09 Printing of Departmental Reports and Other Publica-			
tions.....	319,820	643,000	642,090
10 Films, Displays, Broadcasting, Advert'g and other			
Info. Materials.....	1,100,000	1,082,094	1,082,093
11 Office Stationery, Supplies, Equipment and Furnishings..	1,160,366	1,151,771	1,144,246
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating			
Units.....	5,916,800	5,836,916	5,836,916
Clothing and Personal Equipment.....	14,450,092	9,760,894	9,760,893
Gasoline, Fuel Oil and Lubricants for Ships, A/C			
and M/E.....	2,868,413	2,149,842	2,149,840
Food Supplies.....	7,036,583	7,075,813	7,075,811
Medical and Dental Supplies.....	847,979	1,225,602	1,225,602
Ammunition and Bombs.....	2,000,000	941,226	941,225
Barrack, Hospital, Camp and Miscellaneous Stores.....	8,346,640	6,507,517	6,507,516
13 Acquisition and Const. of Bldgs and Works Incl. Acquisition			
of Land—			
Purchase of Real Properties (Land and Bldgs).....	700,000	680,000	678,667
Construction—Major Contract Projects.....	30,527,908	27,795,041	27,512,867
Construction—Day Labour and Minor Contract			
Projects.....	5,600,000	5,425,000	5,424,314
14 Repair and Upkeep of Bldgs and Works including Land...	8,333,385	11,771,087	11,771,084
15 Rentals of Land, Buildings and Works.....	481,050	481,650	481,649
16 Major Procurement of Equipment—			
M.E. including Transport.....	6,270,140	12,581,277	12,581,276
Armament Equipment.....	2,282,240	1,534,304	1,434,303
Signal and Wireless Equipment.....	1,792,170	1,490,932	1,490,931
Special Training Equipment.....	135,500	114,628	114,628
17 Repair and Upkeep of Equipment—			
Spare Parts for Tanks and A.F.V.'s.....	1,289,600	2,060,690	1,960,690
Repairs and Spare Parts for M.E. incl. Transport.....	9,612,070	4,745,525	4,745,524
Repair by Contract.....	2,151,300	2,384,999	2,384,998
19 Municipal and Public Utility Services.....	1,688,262	2,111,723	2,111,723
20 Contributions, Grants, Subsidies, etc, not incl. Else-			
where.....	722,437	989,496	989,495
21 Pensions, Superannuation and Other Benefits for Personal			
Services.....	158,616	188,337	188,336
22 All other Expenditures—			
Education of Dependent children.....	229,807	215,716	215,716
Laundry and Dry Cleaning.....	376,900	470,730	470,728
Expenditures not Elsewhere Provided.....	409,615	521,842	492,978
	214,381,233		
Less estimated amount for commitments nominally to fall			
due during the 1950-51 fiscal year but not required for			
actual expenditures in that year.....	13,000,000		
Totals.....	201,381,233	212,301,233	211,779,076



## DEPARTMENT OF NATIONAL DEFENCE—Continued

## Statement of Estimates, Allotments and Expenditures

1950-51 FISCAL YEAR

	Estimates	Final Cash Allotment	Actual Expenditures
<b>AIR FORCE</b>			
01 Civil Salaries and Wages.....	9,054,655	9,949,926	9,870,325
02 Civilian Allowances.....	241,524		266,470
03 Pay and Allowances.....	48,483,464	44,218,477	44,218,474
04 Professional and Special Services—			
Corps of Commissioners (40).....	37,000	44,296	44,296
Professional Fees—Architects, Engineers, Land Valuation & Legal (41).....	1,165,000	926,440	926,437
Medical & Dental Consultants and Special Services (42).....	451,357	667,342	676,341
Fees for special Courses (43).....	250,000	266,471	266,470
05 Travelling and Removal Expenses.....	4,192,600	7,199,462	7,199,459
06 Freight, Express and Cartage.....	2,525,400	1,728,906	1,728,904
07 Postage.....	65,000	82,866	82,865
08 Telephones, Telegrams and other Communication Services.....	885,000	740,019	740,108
09 Printing of Departmental Reports and Other Publications	784,240	572,132	568,722
10 Films, Displays, Broadcasting, Advert'g and other Info Materials.....	710,000	648,460	648,457
11 Office Stationery, Supplies, Equipment and Furnishings.	540,760	619,575	619,574
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating Units (50).....	4,407,905	3,627,097	3,627,096
Clothing and Personal Equipment (51).....	9,472,796	5,184,092	5,184,091
Gasoline, Fuel Oil and Lubricants for Ships, A/C & M/E (53).....	8,833,027	6,255,592	6,255,589
Food Supplies (54).....	3,145,000	3,148,808	3,148,806
Miscellaneous Materials and Supplies (55).....	6,568,512	2,553,720	2,553,718
Medical and Dental Supplies (57).....	348,261	365,438	365,437
Ammunition and Bombs (58).....	2,008,199	1,568,037	1,568,037
Barrack, Hospital, Camp and Miscellaneous Stores (59).....	4,768,644	2,501,016	2,501,014
13 Acquisition and Const. of Bldgs & Works Incl. Acquisition of Land—			
Purchase of Real Properties (Land & Bldgs) (80).....		1,063,750	1,063,741
Construction—Major Contract Projects (81).....	51,785,407	36,682,007	36,756,416
Construction—Day Labour and Minor Contract Projects (82).....		3,661,210	3,661,205
14 Repair and Upkeep of Bldgs and Works including Land.	8,200,020	6,353,927	6,346,560
15 Rentals of Land, Buildings and Works.....	414,382	339,362	339,362
16 Major Procurement of Equipment—			
Aircraft and Engines (62).....	46,597,598	56,443,239	56,443,237
M.E. Including Transport (63).....	1,139,132	1,722,960	1,722,959
Armament Equipment (64).....	771,200	243,616	243,615
Signals and Wireless Equipment (65).....	18,915,300	10,164,851	10,164,848
Special Training Equipment (66).....	276,670	193,685	193,682
Miscellaneous Equipment (67).....	1,191,889	2,017,205	2,017,204
17 Repair and Upkeep of Equipment—			
Repairs and Spare Parts for M.E. incl. Transport (73)	1,409,868	1,314,564	1,314,563
Overhaul of Aircraft including Spares (76).....	32,850,654	15,557,226	15,557,224
Miscellaneous Repairs (77).....	3,549,532	8,940	8,938
19 Municipal and Public Utility Services.....	865,000	1,338,833	1,338,832
20 Contributions, Grants, Subsidies, etc. not incl. Elsewhere	88,000	39,797	39,795
21 Pensions, Superannuation & Other Benefits for Personal Services.....	66,557	87,233	87,233
22 All other Expenditures—			
Education of Dependent Children (90).....	481,650	178,125	178,123
Laundry and Dry Cleaning (91).....	94,300	171,558	171,556
Expenditure not Elsewhere Provided (92).....	447,334	144,577	110,170
	278,082,837		
Less—Recoverable from Dept. of M. & T.S.....	940,000		
	277,142,837		
Less—Estimated amount for commitments nominally to fall due during the 1950-51 fiscal year but not required for actual expenditures in that year	47,450,000		
<b>TOTALS.....</b>	<b>229,692,837</b>	<b>230,592,837</b>	<b>230,553,393</b>

## APPENDIX G

## DEPARTMENT OF NATIONAL DEFENCE

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

(Thousand of Dollars)

Requested by Mr. Macdonnell

December 10, 1951

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 31 1951	at October 31 1951	at November 30 1951
<b>NAVY</b>						
<b>Civil Salaries and Wages</b>						
Original Forecast.....	3,250	4,750	6,270	7,470	8,670	9,870
Revised Forecast.....					7,900	9,000
Actual Expenditure.....	3,802	5,074	5,924	6,910	7,692	
<b>Pay and Allowances</b>						
Original Forecast.....	8,200	10,870	13,580	16,380	19,100	21,900
Revised Forecast.....					19,500	22,900
Actual Expenditure.....	8,065	10,788	13,725	16,415	18,858	
<b>Major Procurement Ships and Aircraft</b>						
Original Forecast.....	3,500	7,530	12,300	16,300	21,300	27,300
Revised Forecast.....					17,000	22,000
Actual Expenditure.....	2,623	6,454	9,495	12,844	15,389	
<b>Mechanical Equipment Including Transport</b>						
Original Forecast.....	150	260	370	450	600	700
Revised Forecast.....					300	400
Actual Expenditure.....	095	105	121	145	181	
<b>Armament Equipment</b>						
Original Forecast.....	200	400	700	1,200	2,300	3,500
Revised Forecast.....					3,000	4,000
Actual Expenditure.....	59	196	1,575	1,713	2,525	
<b>Signal and Wireless</b>						
Original Forecast.....	500	1,080	1,750	3,200	3,880	5,500
Revised Forecast.....					1,700	2,300
Actual Expenditure.....	365	650	1,060	1,157	1,534	
<b>Other</b>						
Original Forecast.....	15	30	60	100	160	260
Revised Forecast.....					30	40
Actual Expenditure.....	7	9	10	14	17	
<b>Materials and Supplies Clothing and Personal Equipment</b>						
Original Forecast.....	450	950	1,550	2,250	3,000	4,000
Revised Forecast.....					2,600	3,800
Actual Expenditure.....	443	634	1,194	1,505	2,230	
<b>Ammunition and Bombs</b>						
Original Forecast.....	800	1,150	1,500	2,000	3,000	4,000
Revised Forecast.....					1,500	2,200
Actual Expenditure.....	357	606	766	1,001	1,122	
<b>Barrack, Hospital, Camp and Misc. Stores</b>						
Original Forecast.....	600	9,000	1,200	1,600	2,000	2,500
Revised Forecast.....					800	1,000
Actual Expenditure.....	243	336	518	635	741	
<b>Naval Stores</b>						
Original Forecast.....	1,500	1,800	2,300	3,300	4,500	5,000
Revised Forecast.....					3,200	3,600
Actual Expenditure.....	1,293	1,712	2,092	2,479	3,020	

CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1951-52 FISCAL YEAR

(Thousands of Dollars)

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 31 1941	at October 31 1951	at November 30 1951
<b>NAVY</b>						
<b>Miscellaneous Supply (Food, Fuel, etc.)</b>						
Original Forecast.....	1,000	1,500	2,000	2,500	3,200	4,000
Revised Forecast.....					3,200	3,800
Actual Expenditure.....	898	1,355	2,120	2,646	3,428	.....
<b>Repair and Upkeep Ships and Aircraft</b>						
Original Forecast.....	1,000	1,500	2,000	3,000	5,000	7,000
Revised Forecast.....					4,100	5,200
Actual Expenditure.....	469	1,440	2,402	3,211	4,521	.....
<b>Mechanical Equipment</b>						
Original Forecast.....	50	70	100	150	200	250
Revised Forecast.....					150	200
Actual Expenditure.....	43	56	77	94	118	.....
<b>Buildings and Works</b>						
Original Forecast.....	400	600	900	1,300	1,700	2,100
Revised Forecast.....					1,700	2,100
Actual Expenditure.....	237	578	946	1,222	1,779	.....
<b>Other</b>						
Original Forecast.....	20	30	50	150	300	500
Revised Forecast.....					50	80
Actual Expenditure.....		10	23	29	40	.....
<b>Acquisition and Construction of Properties</b>						
Original Forecast.....	1,500	2,300	3,250	5,250	7,250	9,250
Revised Forecast.....					5,600	6,800
Actual Expenditure.....	1,440	2,405	3,437	4,261	6,194	.....
<b>Miscellaneous Services</b>						
Original Forecast.....	1,400	1,900	2,500	3,200	4,000	5,000
Revised Forecast.....					4,000	4,600
Actual Expenditure.....	1,175	1,697	2,486	3,151	3,930	.....
<b>Totals</b>						
Original Forecast.....	24,535	45,720	52,380	69,800	90,160	112,630
Revised Forecast.....					76,330	94,020
Actual Expenditure.....	21,614	34,105	47,971	59,432	73,317	.....



CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1951-52 FISCAL YEAR

(Thousands of dollars)

Categories	at Jun 30 1951	at Jul 31 1951	at Aug 31 1951	at Sep 30 1951	at Oct 31 1951	at Nov 30 1951
<b>ARMY</b>						
<b>Civil Salaries and Wages, etc.</b>						
Original Forecast.....	5,300	7,050	8,825	10,600	12,375	14,150
Revised Forecast.....					13,900	15,700
Actual Expenditure.....	5,289	7,523	9,940	12,111	14,680	
<b>Pay and Allowances</b>						
Original Forecast.....	20,500	27,500	35,500	44,000	53,000	63,000
Revised Forecast.....					52,000	61,000
Actual Expenditure.....	20,480	29,474	37,127	43,955	51,374	
<b>Major Procurement</b>						
Tanks and A.F.V.'S						
Original Forecast.....						
Revised Forecast.....						
Actual Expenditure.....						
Mechanical Equipment incl. Transport						
Original Forecast.....	500	1,000	1,500	2,000	3,000	4,000
Revised Forecast.....					5,000	7,000
Actual Expenditure.....	498	659	2,385	3,030	3,640	
Armament Equipment						
Original Forecast.....	15,000	16,000	17,000	18,000	19,000	20,000
Revised Forecast.....					17,000	18,000
Actual Expenditure.....	15,627	15,973	16,009	16,096	16,483	
Signal and Wireless						
Original Forecast.....	1,000	1,250	1,500	2,000	2,500	3,000
Revised Forecast.....					2,000	2,500
Actual Expenditure.....	1,051	1,131	1,193	1,449	1,650	
Special Training Equipment						
Original Forecast.....	25	25	50	50	50	75
Revised Forecast.....					100	125
Actual Expenditure.....	21	46	67	81	95	
<b>Materials and Supplies</b>						
Clothing and Personal Equipment						
Original Forecast.....	6,000	7,500	9,000	11,000	13,000	15,500
Revised Forecast.....					16,500	20,500
Actual Expenditure.....	5,912	7,915	10,595	12,407	15,241	
Ammunition and Bombs						
Original Forecast.....	1,500	1,750	2,000	3,000	4,000	5,000
Revised Forecast.....					4,000	5,000
Actual Expenditure.....	1,474	1,481	1,868	3,232	3,366	
Barrack, Hospital, Camp, and Misc.						
Stores						
Original Forecast.....	2,500	3,000	3,500	4,000	5,500	7,500
Revised Forecast.....					8,500	10,500
Actual Expenditure.....	2,426	3,430	4,883	6,835	9,139	
<b>Miscellaneous Supplies</b>						
Food, Fuel, POL. Medical and Dental supplies etc.						
Original Forecast.....	2,900	4,650	6,575	8,650	10,625	12,550
Revised Forecast.....					12,300	15,100
Actual Expenditures.....	3,351	5,411	6,883	9,560	12,225	
<b>Repair and Upkeep</b>						
Tanks and A.F.V.'S	200	300	400	500	750	1,000
Revised Forecast.....					1,000	1,475
Actual Expenditure.....	228	427	730	798	1,114	

CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1952-52 FISCAL YEAR

(Thousands of dollars)

Categories	at Jun 30 1951	at Jul 31 1951	at Aug 31 1951	at Sep 30 1951	at Oct 31 1951	at Nov 30 1951
<b>ARMY</b>						
Mechanical Equipment						
Original Forecast.....	2,350	3,000	3,650	4,800	6,000	7,250
Revised Forecast.....					6,000	7,000
Actual Expenditure.....	2,285	3,540	4,505	5,195	6,112	
Buildings and Works						
Original Forecast.....	3,100	4,375	5,650	6,925	8,200	9,475
Revised Forecast.....					12,000	13,000
Actual Expenditure.....	2,988	4,704	6,905	9,074	11,615	
<b>Acquisition and Construction of Property</b>						
Original Forecast.....	5,100	7,650	11,200	15,250	20,300	25,350
Revised Forecast.....					19,200	24,600
Actual Expenditure.....	5,295	8,550	12,148	15,495	19,516	
<b>Miscellaneous Services</b> (Professional Services, travel freight, communications, printing, etc.)						
Original Forecast.....	3,900	4,775	6,125	7,675	9,300	11,125
Revised Forecast.....					15,500	18,500
Actual Expenditure.....	3,552	5,902	8,467	12,641	15,269	
<b>Totals</b>						
Original Forecast.....	69,875	89,825	112,475	138,450	167,600	198,975
Revised Forecast.....					185,000	220,000
Actual Expenditure.....	70,477	95,986	123,705	151,959	181,519	

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—Con.

1951-52 FISCAL YEAR

(Thousands of Dollars)

	June	July	August	September	October	November
<b>AIR FORCE</b>						
<b>Civil Salaries and Wages, Etc.</b>						
Original Forecast.....	3,209	4,289	5,387	6,555	7,720	8,935
Revised Forecast.....					7,400	8,700
Actual Expenditure.....	2,639	3,684	4,952	6,083	7,310	8,563
<b>Pay and Allowances</b>						
Original Forecast.....	13,844	19,790	25,905	32,748	38,888	45,244
Revised Forecast.....					32,000	38,000
Actual Expenditure.....	14,565	20,012	25,241	30,626	36,473	41,568
<b>Major Procurement</b>						
Aircraft and Engines						
Original Forecast.....	24,756	45,190	61,330	80,020	102,920	127,417
Revised Forecast.....					125,000	144,000
Actual Expenditure.....	34,309	66,941	81,970	101,368	122,140	143,372
Mechanical Eqpt. incl. Transport						
Original Forecast.....	1,433	1,606	2,063	3,071	4,500	5,917
Revised Forecast.....					3,000	5,000
Actual Expenditure.....	644	831	1,010	1,145	1,868	2,453
Armament Equipment						
Original Forecast.....	303	389	550	724	985	1,227
Revised Forecast.....					300	500
Actual Expenditure.....	061	107	159	187	225	276
Signal and Wireless						
Original Forecast.....	3,261	5,611	6,861	8,211	9,611	11,011
Revised Forecast.....					6,600	8,000
Actual Expenditure.....	1,871	2,687	3,613	5,354	6,310	7,635
Other						
Original Forecast.....	644	1,252	1,773	2,991	4,369	5,762
Revised Forecast.....					3,000	4,000
Actual Expenditure.....	738	1,173	1,563	2,053	2,709	3,362
<b>Materials and Supplies</b>						
Clothing and Personal Eqpt.						
Original Forecast.....	3,535	5,792	8,052	10,426	13,139	15,906
Revised Forecast.....					7,000	9,500
Actual Expenditure.....	2,644	3,625	4,362	4,995	5,770	7,213
Ammunition and Bombs						
Original Forecast.....	856	1,323	1,649	2,130	2,282	2,496
Revised Forecast.....					1,000	1,500
Actual Expenditure.....	476	485	502	563	818	1,055
Barrack, Hospital, Camp and Misc.						
Stores						
Original Forecast.....	1,383	1,946	2,567	3,223	3,972	4,626
Revised Forecast.....					2,300	3,500
Actual Expenditure.....	867	1,116	1,384	1,722	2,013	2,450
Miscellaneous Supply						
Original Forecast.....	2,361	3,791	4,939	7,490	9,683	13,425
Revised Forecast.....					8,500	12,500
Actual Expenditure.....	2,119	2,620	5,156	6,111	6,614	9,728
Other						
Original Forecast.....	2,241	2,810	3,711	4,397	5,313	5,972
Revised Forecast.....					2,000	2,800
Actual Expenditure.....	347	663	1,115	1,466	1,696	2,006
<b>Repairs and Upkeep</b>						
Aircraft and Engines						
Original Forecast.....	9,418	12,694	16,445	20,181	24,350	29,047
Revised Forecast.....					19,000	23,500
Actual Expenditure.....	5,579	7,897	10,854	16,042	19,109	22,889



CUMULATIVE STATEMENT OF EXPENDITURE—FORECAST AND ACTUAL—*Concluded*  
 1951-52 FISCAL YEAR  
 (Thousands of Dollars)

	June	July	August	September	October	November
<b>AIR FORCE</b>						
<b>Repairs and Upkeep—Concluded</b>						
Mechanical Equipment						
Original Forecast.....	042	075	100	197	314	464
Revised Forecast.....					300	600
Actual Expenditure.....	057	080	100	113	128	151
Buildings and Works						
Original Forecast.....	1,422	2,175	3,147	4,100	5,227	6,882
Revised Forecast.....					6,000	7,500
Actual Expenditure.....	1,368	2,395	3,558	5,420	7,528	10,294
Other						
Original Forecast.....	124	253	677	1,341	2,314	3,492
Revised Forecast.....					2,000	3,400
Actual Expenditure.....	419	917	1,220	1,606	2,404	3,325
<b>Requisition and Construction of Properties</b>						
Original Forecast.....	14,091	24,053	35,411	48,710	62,508	75,312
Revised Forecast.....					42,000	51,000
Actual Expenditure.....	10,314	17,306	25,091	34,571	45,167	55,228
<b>Miscellaneous Services</b>						
Original Forecast.....	3,081	3,145	4,424	5,780	7,381	9,494
Revised Forecast.....					13,000	14,000
Actual Expenditure.....	3,458	5,509	8,934	11,382	14,835	18,358
<b>Grand Totals</b>						
Original Forecast.....	86,024	136,184	184,991	242,295	305,476	372,629
Revised Forecast.....					280,400	338,000
Actual Expenditure.....	82,475	138,048	180,784	230,807	283,117	339,926

NOTE.—Above figures are inclusive of expenditures in respect of Air Training chargeable to the Special NATO Appropriation as follows:

Original Forecast (to the end of the year).....	\$ 55,800,000
Revised Forecast (to the end of the year).....	44,774,000
Actual Charges (Accumulated to 31 October 51).....	24,640,775

## APPENDIX H

## DEPARTMENT OF NATIONAL DEFENCE

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY

1951-52 FISCAL YEAR

(Thousands of Dollars)

Requested by Mr. Macdonnell

Date: December 10, 1951.

	Requests for Contracts as at 31 Oct. 1951	Analysis by Procurement Agency		
		DDP	DCL	CMHC
NAVY				
Major Procurement				
Ships and Aircraft.....	189,871	189,871		
Mechanical Equipment including Transport.....	1,484	1,484		
Armament Equipment.....	110,554	110,554		
Signal and Wireless.....	34,908	34,908		
Other.....	193	193		
Materials and Supplies				
Clothing and Personal Equipment.....	17,939	17,939		
Ammunition and Bombs.....	29,395	29,395		
Barrack, Hospital, Camp and Miscellaneous Stores.....	5,264	5,264		
Naval Stores.....	13,679	13,679		
Miscellaneous Supply.....	7,985	7,985		
Maintenance and Repairs				
Ships and Aircraft.....	9,839	9,839		
Mechanical Equipment.....	360	360		
Buildings and Works.....	1,106	1,106		
Acquisition and Construction of Properties.....	27,057		18,054	9,003
TOTALS.....	449,634	422,577	18,054	9,003

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY—Con.

1951-52 FISCAL YEAR

(Thousands of Dollars)

	Requests for Contracts as at 31 Oct. 1951	Analysis by Procurement Agency		
		DDP	DCL	CMHC
ARMY				
Major Procurement				
Tanks and AFV's .....	42,243	42,243		
Mechanical Equipment including Transport .....	45,507	45,507		
Armament Equipment .....	32,006	32,006		
Signal and Wireless Equipment .....	16,187	16,187		
Materials and Supplies				
Clothing and Personal Equipment .....	112,029	112,029		
Ammunition and Bombs .....	115,231	115,231		
Barrack, Hospital, Camp and Miscellaneous Stores .....	48,508	48,508		
Miscellaneous Supplies .....	23,527	23,527		
Maintenance and Repairs				
Tanks and AFV's .....	4,307	4,307		
Mechanical Equipment .....	18,198	18,198		
Acquisition and Construction of Properties .....	88,630	10,308	49,606	28,716
TOTALS .....	546,373	468,051	49,606	28,716

ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY—*Concluded*

1951-52 FISCAL YEAR

(Thousands of Dollars)

	Requests for Contracts as at 31 Oct 1951.	Analysis by Procurement Agency			
		DDP	DCL	CMHC	DOT
AIR FORCE					
Major Procurement					
Aircraft and Engines.....	1,159,703	1,159,703			
Mechanical Equipment including Transport.....	21,110	21,110			
Armament Equipment.....	2,243	2,243			
Signal and Wireless.....	48,059	48,059			
Other.....	16,634	16,634			
Materials and Supplies					
Clothing and Personal Equipment...	41,535	41,535			
Ammunition and Bombs.....	29,884	29,884			
Barrack Hospital, Camp & Miscel- laneous Stores.....	18,252	18,252			
Miscellaneous Supply.....	18,710	18,710			
Other.....	11,437	11,437			
Maintenance and Repairs					
Aircraft and Engines.....	111,759	111,759			
Mechanical Equipment.....	2,457	2,457			
Buildings and Works.....	13,215	13,215			
Other.....	12,573	12,573			
Miscellaneous Services.....	6,161	1,657	4,504		
Acquisition and Construction of Properties.....	189,653	6,807	114,322	35,272	33,252
TOTALS.....	1,703,385	1,516,035	118,826	35,272	33,252



## APPENDIX I

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

NAVY—1950-51

Requested by Mr. Macdonnell

Date: December 10, 1951

	Expendi- tures	ANALYSIS OF EXPENDITURES							
		1950-51	DND	DDP	DCL	CMHC	DOT	DVA	Local Pro- curement
	\$	\$	\$	\$	\$	\$	\$	\$	
01 Civil Salaries and Wages.....	10,955,330	10,932,719							
02 Civilian Allowances.....	11,615	11,615				22,611			
03 Pay and Allowances.....	23,770,440	23,770,440							
04 Professional and Special Services— Corps of Commissioners..... Professional Fees—Architects, Engineers, Land Val- uation and Legal..... Medical and Dental Consultants and Special Services Fees for special courses..... Travelling and Removal Expenses..... Freight, Express and Cartage..... Postage..... Telephone, Telegrams and other Communication Services Printing of Departmental Reports and Other Publications Films, Displays, Broadcasting, Advertising and other Informational Materials..... Office Stationery, Supplies, Equipment and Furnishings..... Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units..... Clothing and Personal Equipment..... Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equipment..... Food Supplies..... Naval Stores..... Medical and Dental Supplies..... Ammunition and Bombs..... Barrack, Hospital, Camp and Miscellaneous Stores.....	479,877	479,877							
			70,410	26,698					
							45,234		
05									
06							837		
07							660		
08									
09									
10							2,573	5,640	
11									
12									
			</						

13	Acquisition and Construction of Buildings and Works including Acquisition of Land Purchase of Real Properties (Land and Buildings)..... Construction—Major Contract Projects.....	74, 715 9, 434, 776 3, 818, 501 23, 331	72, 098						
14	Repair and Upkeep of Buildings and Works including Land								
15	Rentals of Land, Buildings and Works.....		1, 739, 049	2, 008, 146					71, 306
16	Major Procurement of Equipment— Ships and Aircraft..... Mechanical Equipment including Transport..... Armament Equipment..... Signal and Wireless Equipment..... Special Training Equipment.....	7, 922, 684 321, 662 8, 498, 429 3, 621, 324 67, 642							
17	Repair and Upkeep of Equipment— Repair and Upkeep of Ships and Aircraft..... Repairs and Spare Parts for M.E. including Transport	8, 169, 133 412, 458	2, 351, 247	5, 817, 886 402, 449					9, 651
19	Municipal and Public Utility Services.....	817, 619	817, 619						
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	50, 674	50, 674						
21	Pensions, Superannuation and other Benefits for Personal Services.....	132, 272	132, 272						
22	All Other Expenditures..... Laundry and Dry Cleaning..... Expenditures not elsewhere provided.....	49, 180 700, 828							7, 730
	Totals.....	99, 849, 080	45, 868, 581	46, 451, 138	26, 698	6, 479, 693	36, 728	45, 234	841, 008

**NOTE:** The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

NAVY-1951-52 (1 April-31 Oct.)

	Expenditures 1st April, 1951- 31st Oct. 1951	ANALYSIS OF EXPENDITURES						
		DND	DDP	DCL	CWHC	DOT	DPW	Local Procurement
	\$	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	7,619,826	7,605,683				14,143		
02 Civilian Allowances.....	8,976	8,976						
03 Pay and Allowances.....	18,959,098	18,858,098						
04 Professional and Special Services— Corps of Commissioners.....	230,252	230,252						
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	348,194			348,194				
Medical and Dental Consultants and Special Services.....	46,448	46,448						
Fees For Special Courses.....	8,588	8,588						
05 Travelling and Removal Expenses.....	1,682,304	1,682,008				236		
06 Freight, Express and Cartage.....	312,246	312,246						
07 Postage.....	8,435	28,435						
08 Telephones, Telegrams and other Communication Services.....	126,432	74,196	49,684			645		1,907
09 Printing of Departmental Reports and Other Publications.....	78,704	68,704						
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	119,261	119,261						
11 Office Stationery, Supplies, Equipment and Furnishings.....	128,001	109,025	17,975					1,001
12 Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	325,476		323,775					1,701
Clothing and Personal Equipment.....	2,230,751		2,224,164					8,587
Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equipment.....								
Food Supplies.....	1,105,120		760,253					334,867
Naval Stores.....	1,736,100		1,432,136					283,964
Medical and Dental Supplies.....	3,019,385		2,987,183					31,747
Medical and Dental Stores.....	52,758		51,146			455		1,612
Ammunition and Bombs.....	1,122,210		1,122,210					
Barrack, Hospital, Camp and Miscellaneous Stores.....	740,271		738,544					1,727



13	Acquisition and Construction of Buildings and Works— Including Acquisition of Land— Purchase of Real Properties (Land and Buildings).... Construction—Major Contract Projects..... Construction—Day Labour and Minor Contract Projects.....	59,901 6,121,262 13,079	59,901	2,420,372	3,693,419	782	6,689	
14	Repair and Upkeep of Buildings and Works including Land.....	1,764,227 14,216	325 960,061 14,216	12,754 781,351				22,815
15	Rentals of Land, Buildings and Works.....							
16	Major Procurement of Equipment— Ships and Aircraft..... Mechanical Equipment including Transport..... Armament Equipment..... Signal and Wireless Equipment..... Special Training Equipment.....	15,389,043 181,203 2,524,486 1,534,153 17,120		15,389,043 181,203 2,524,486 1,534,153 17,120				
17	Repair and Upkeep of Equipment— Repair and Upkeep of Ships and Aircraft..... Repairs and Spare Parts for Mechanical Equipment including Transport..... Repair and Upkeep of Naval Armament Equipment.....	4,521,224 118,069 40,000 350,517	1,761,957	2,759,267 115,059 40,000				3,010
18	Rentals of Equipment.....							
19	Municipal and Public Utility Services.....	30,736	30,736					
20	Contributions, Grants, Subsidies, etc. not included else- where.....							
21	Pensions, Superannuation and other Benefits for Personal Services.....	63,358	63,358					
22	All other Expenditures.....	23,242						
	Laundry and Dry Cleaning.....	674,591	588,734	21,334				1,908
	Expenditures not elsewhere provided.....	59,642Cr	59,642Cr	85,787				
34	Less Estimated Savings and Recoverable Items.....							
	Totals.....	73,317,551	32,941,143	33,188,027	2,768,566	3,693,419	16,261	702,846

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

ARMY—1950-51

	Expenditures 1950-51 Fiscal year	Analysis of Expenditure						Other Govern- ment Depts.	Local Procure- ment
		DND	DDP	DCL	CMHC	DOT	Public Works		
01 Civil Salaries and Wages.....	19,762,282	19,762,282							
02 Civilian Allowances.....	186,500	186,500							
03 Pay and Allowances.....	64,998,903	64,998,903							
04 Professional and Special Services: Corps of Commissioners.....	420,301	420,301							
Professional Fees—Architects, Engin- eers, Land Valuation and Legal.....	402,374		286,894	115,480					
Medical and Dental Consultants and Special Services.....	787,058								
Fees for Special Courses.....	130,664	197,693						589,365	
Travel and Removal Expenses.....	8,007,574	7,674,768	332,075						731
Freight, Express and Cartage.....	4,598,608	4,300,668						297,730	210
Postage.....	139,483	139,483							
Telephones, Telegrams and other Commu- nication Services.....	929,190	713,921	212,450						2,819
Printing of Departmental Reports and Other Publications.....	642,090							642,090	
Films, Displays, Broadcasting, Advertising and other Information Materials.....	1,082,093	1,076,774							5,319
Office Stationery, Supplies, Equipment and Furnishings.....	1,144,246		22,438					1,114,512	7,296
Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units.....	5,836,916	5,836,916							2,755
Clothing and Personal Equipment.....	9,760,893	9,758,138							
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	2,149,840	2,083,782							66,058
Food Supplies.....	7,075,811	6,663,966							411,845
Medical and Dental Supplies.....	1,225,602	1,209,625							15,977
Ammunition and Bombs.....	941,225	941,225							
Barrack, Hospital, Camp and Miscel- laneous Stores.....	6,507,516	6,384,047							123,469

13	Acquisition and Construction of Buildings and Works Including Acquisition of Land—Purchase of Real Properties (Land and Buildings).....	678,667	743,461	7,390,293	1,035,272	18,343,841	678,667			
	Construction—Major Contract Projects.....	27,512,867								
	Construction—Day Labour and Minor Contract Projects.....	5,424,314	358,484	3,662,157	1,318,512			85,161		
14	Repair and Upkeep of Buildings and Works including Land.....	11,771,684	3,636,993	7,914,844						219,247
	Rentals of Land, Buildings and Works.....	481,649	481,649							
15	Major Procurement of Equipment—M.E. including Transport.....	12,581,276		12,581,276						
	Armament Equipment.....	1,434,303		1,415,126						19,177
	Signal and Wireless Equipment.....	1,490,931		1,462,562						28,369
	Special Training Equipment.....	114,628		89,065						-25,563
17	Repair and Upkeep of Equipment—Spare Parts for Tanks and A.F.V.'s.....	1,960,690		1,960,690						
	Repairs and Spare Parts for M.E. including Transport.....	4,745,524		4,467,351						278,173
	Repair by Contract.....	2,384,998		2,180,486						204,512
19	Municipal and Public Utility Services.....	2,111,723	2,111,650							64
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	989,495	989,495							
21	Pensions, Superannuation and other Benefits for Personal Services.....	188,336	188,336							
22	All other Expenditures—Education of Dependent Children.....	215,716	215,716							
	Laundry and Dry Cleaning.....	470,728		470,728						
	Expenditures not elsewhere provided.....	492,978	492,891							87
	Totals.....	211,779,076	108,820,641	77,326,134	2,469,264	18,343,841	678,667	85,161	2,643,697	1,411,671

Other Government Departments—  
04 Veterans Affairs 09 11—King's Printer.  
06 Canadian Maritime Commission.....

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

ARMY-1951-52 (1 APRIL-31 OCT.)

		ANALYSIS OF EXPENDITURES						
	Expenditures 1 April- 31 October 1951							
		DND	DDP	DCL	CMHC	Transport	Public Works	Other Govt. Depts.
01 Civil Salaries and Wages.....	14,280,206	14,280,206						
02 Civilian Allowances.....	229,219	229,219						
03 Pay and Allowances.....	51,374,184	51,374,184						
04 Professional and Special Services:—								
Corps of Commissionaires.....	263,261	263,261						
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	386,707			386,707				
Medical and Dental Consultants and Special Services.....	242,746	242,746						
Fees for special Courses.....	22,349	22,349						
05 Travelling and Removal Expenses.....	6,289,512	6,137,359	151,193					900
06 Freight, Express and Cartage.....	4,496,047	3,865,057						941
07 Postage.....	121,225	121,225						
08 Telephones, Telegrams and other Communi- cation Services.....	505,043	392,399	111,224					1,420
09 Printing of Departmental Reports and Other Publications.....	126,397							126,397
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	821,297	798,938						22,359
11 Office Stationery, Supplies, Equipment and Furnishings.....	1,004,618		18,693					977,345
12 Materials and Supplies:								
Fuel and Heating, Cooking and Power Generating Units.....	1,929,444	1,928,807						637
Clothing and Personal Equipment.....	15,241,379	15,220,381						20,498
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	1,131,104	1,094,647						36,457
Food Supplies.....	6,860,021	6,566,498						293,523
Medical and Dental Supplies.....	1,174,513	1,163,112						11,401
Ammunition and Bombs.....	3,365,824	3,365,824						
Barrack, Hospital, Camp and Miscel- laneous Stores.....	9,138,641		8,938,166					200,475

13	Acquisition and Construction of Buildings and Works Including Acquisition of Land: Purchase of Real Properties (Land and Buildings).....	598,357	490,397	2,592,339	10,275,149	585,482	12,875	1,733,791	1,254,462
	Construction—Major Contract Projects.....	17,803,071					2,581		
	Construction—Day Labour and Minor Contract Projects.....	1,114,679	279,354	349,246	451,293		24,976		9,810
14	Repair and Upkeep of Buildings and Works including Land.....	11,397,213	5,405,727	5,858,608					132,878
15	Rentals of Land, Buildings and Works.....	217,520	217,520						
16	Major Procurement of Equipment: Mechanical Engineering including Transport.....	3,640,326		3,640,326					
	Armament Equipment.....	16,483,462		16,467,421					16,041
	Signal and wireless Equipment.....	1,649,662		1,623,271					26,391
	Special Training Equipment.....	94,844		70,093					24,751
17	Repair and Upkeep of Equipment: Spare Parts for Tanks and A.F.V's.....	1,111,248		1,111,248					
	Repairs and Spare Parts for Mechanical Engineering including Transport.....	4,323,303		4,101,652					221,651
	Repair by Contract.....	1,789,327		1,563,841					225,486
19	Municipal and Public Utility Services.....	1,035,600	1,035,550						50
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....								
21	Pensions, Superannuation and other Benefits for Personal Services.....	81,293	81,293						
22	All other Expenditures: Education of Dependent children.....	171,285	171,285						
	Laundry and Dry Cleaning.....	97,317	97,317						98
	Expenditures not elsewhere provided.....	222,031		221,933					55
34	Miscellaneous Recoverables and Imprest Advances.....	538,686	538,631						
	Other Government Departments—Suspense.....	80,629	80,629						
		63,611	63,611						
	TOTALS.....	181,519,201	86,190,257	76,159,023	11,113,149	4,442,605	40,432	1,733,791	1,254,462

Other Government Departments—  
05 Canadian Maritime Commission 09-11—Kings Printer.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

Air Force-1950-51

		ANALYSIS OF EXPENDITURES						
		Expendi- ture 1950-51	DND	DDP	DCL	CMHC	DOT	Local Procure- ment
		\$	\$	\$	\$	\$	\$	\$
01	Civil Salaries and Wages.....	9,870,325	9,704,926	.....	.....	.....	165,399	.....
02	Civilian Allowances.....	.....	.....	.....	.....	.....	.....	.....
03	Pay and Allowances.....	44,218,474	44,218,474	.....	.....	.....	.....	.....
04	Professional and Special Services— Corps of Commissioners..... Professional Fees—Architects, Engineers, Land Valuation and Legal.....	44,296	44,296	.....	.....	.....	.....	.....
	Medical and Dental Consultants and Special Services.....	926,437	500,281	.....	422,502	.....	3,654	.....
	Fees for Special Courses.....	676,341	304,423	.....	.....	.....	.....	371,918
	Travelling and Removal Expenses.....	266,470	263,526	.....	.....	.....	10,085	2,944
05	Freight, Express and Cartage.....	7,199,459	7,189,374	.....	.....	.....	373	.....
06	Postage.....	1,728,904	1,728,531	.....	.....	.....	29,237	82,865
07	Telephones, Telegrams and other Communication Services.....	82,865	.....	380,848	.....	.....	.....	329,913
08	Printing of Departmental Reports and Other Publications.....	740,018	.....	.....	.....	.....	.....	.....
09	Films, Displays, Broadcasting, Advertising and other Information Materials (a).....	568,722	568,722	.....	.....	.....	.....	.....
11	Office Stationery, Supplies, Equipment and Furnishings (a).....	648,457	558,952	.....	.....	.....	4,126	89,505
12	Materials and Supplies— Fuel for Heating, Cooking and Power Generating Units..... Clothing and Personnel Equipment..... Gasoline, Fuel Oil and Lubricants, for Ships, A/C and M/F..... Food Supplies..... Miscellaneous Materials and Supplies..... Medical and Dental Supplies..... Ammunition and Bombs..... Barrack, Hospital, Camp and Miscellaneous Stores.....	619,574	376,372	236,050	.....	.....	.....	3,026
	.....	.....	.....	3,627,096	.....	.....	.....	.....
	.....	.....	.....	4,978,491	.....	.....	.....	205,600
	.....	.....	.....	5,454,701	.....	.....	.....	800,888
	.....	.....	.....	2,791,419	.....	.....	.....	357,387
	.....	.....	.....	1,598,295	.....	.....	17,825	937,598
	.....	.....	.....	331,905	.....	.....	.....	.....
	.....	.....	.....	1,567,548	.....	.....	.....	489
	.....	.....	.....	2,320,868	.....	.....	.....	180,146
13	Acquisition and Construction of Buildings and Works Including Acqui- sition of Land: Purchase of Real Properties (Land and Buildings)..... Construction—Major Contract Projects..... Construction—Day Labour and Minor Contract Projects..... Repair and Upkeep of Buildings and Works including Land..... Rentals of Land, Buildings and Works.....	1,063,741	.....	.....	11,231,543	25,431,915	1,063,741	.....
	.....	36,756,416	.....	3,588,486	.....	.....	92,658	72,719
	.....	3,661,205	.....	3,184,614	.....	.....	.....	3,161,046
	.....	6,346,560	268	.....	.....	.....	48,142	290,952
15	.....	339,362	.....	.....	.....	.....	.....	.....



## 16 Major Procurement of Equipment—

Aircraft and Engines.....	56,443,237	.....	56,443,237	.....	.....	.....
Mechanical Equipment including Transport.....	1,722,959	.....	1,722,959	.....	.....	5,781
Armament Equipment.....	243,615	.....	237,834	.....	.....	61,552
Signal and Wireless Equipment.....	10,164,848	.....	10,103,296	.....	.....	2,193
Special Training Equipment.....	193,682	.....	191,489	.....	.....	38,409
Miscellaneous Equipment.....	2,017,204	.....	1,978,795	.....	.....	.....
17 Repair and Upkeep of Equipment						
Repair and Spare Parts for Mechanical Equipment including Transport.....	1,314,563	.....	114,979	.....	.....	1,199,584
Overhaul of Aircraft including Spares.....	15,557,224	.....	15,387,449	.....	.....	169,775
Miscellaneous Repairs.....	8,938	.....	8,938	.....	.....	.....
18 Rentals of Equipment.....	1,338,832	.....	154,998	.....	.....	1,183,834
19 Municipal and Public Utility Services.....	39,795	.....	23,832	.....	.....	15,963
20 Contributions, Grants, Subsidies, etc., not included elsewhere.....	87,233	.....	87,233	.....	.....	.....
21 Pensions, Superannuation and other Benefits for Personal Services.....	.....	.....	.....	.....	.....	.....
22 All other Expenditures—						
Education of Dependent Children.....	178,123	.....	24,206	.....	.....	153,917
Laundry and Dry Cleaning.....	171,556	.....	11,831	.....	.....	159,725
Expenditures not elsewhere provided.....	110,170	.....	44,400	.....	.....	65,770
Totals.....	230,553,393	68,736,934	113,350,540	11,654,045	25,431,915	9,944,399
						(b)

NOTES: (a) Normally procured through King's Printer.

(b) Includes Local Purchases direct from the trade as well as requisitions on local DDP offices and locally hired day labour on maintenance projects.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by detailed examination of all invoices.

## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

AIR FORCE—1951-52 (1 APRIL-31 OCT.)

ANALYSIS OF EXPENDITURE							
	Expenditures 1 Apr/51— 31 Oct/51	DND	DNP	DCL	CMHC	DOT	Local Procure- ment
01 Civil Salaries and Wages.....	7,165,431	7,055,470	.....	.....	.....	109,961	.....
02 Civilian Allowances.....	74,577	74,577	.....	.....	.....	.....	.....
03 Pay and Allowances.....	36,473,423	36,473,323	.....	.....	.....	.....	100
04 Professional and Special Services: Corps of Commissioners.....	45,164	42,784	.....	.....	.....	.....	2,380
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	1,375,870	8,296	.....	1,364,184	.....	.....	3,390
Medical and Dental Consultants and Special Services.....	231,990	12,065	.....	.....	.....	.....	219,925
Fees for Special Courses.....	235,070	233,287	.....	.....	.....	.....	1,783
Travelling and Removal Expenses.....	5,626,754	5,023,193	.....	.....	.....	2,773	788
Freight, Express and Cartage.....	1,388,977	1,370,027	.....	.....	.....	3,420	15,630
Postage.....	66,722	.....	.....	.....	.....	65,722	.....
Telephone, Telegrams and other Communication Services.....	422,702	140	190,458	.....	.....	9,215	222,889
Printing of Departmental Reports and other Publications.....(a)	55,023	53,137	.....	.....	.....	.....	1,886
Films, Displays, Broadcasting, Advertising and other Information Materials.....	525,648	451,661	.....	.....	.....	.....	73,987
Office Stationery, Supplies, Equipment and Furnishings.....(a)	661,199	344,261	274,874	.....	.....	1,275	40,789
Materials and Supplies.....	.....	.....	.....	.....	.....	.....	.....
Fuel for Heating, Cooking and Power Generating Units.....	1,442,232	.....	1,421,445	.....	.....	.....	20,787
Clothing and Personal Equipment.....	5,909,566	70,204	5,699,976	.....	.....	.....	139,386
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M.E.....	3,398,873	.....	2,972,514	.....	.....	.....	426,359
Food Supplies.....	1,281,912	1,109,075	.....	.....	.....	.....	172,837
Miscellaneous Materials and Supplies.....	2,409,750	34,807	1,655,593	.....	.....	6,899	712,451
Medical and Dental Supplies.....	448,822	400,000	37,379	.....	.....	.....	11,443
Ammunition and Bombs.....	818,334	66,770	751,281	.....	.....	.....	283
Barrack, Hospital, Camp and Miscellaneous Stores.....	2,348,730	772	2,012,208	.....	.....	.....	335,750
Acquisition and Construction of Buildings and Works including Acqui- sition of Land.....	.....	.....	.....	.....	.....	.....	.....
Purchase of Real Properties (Land and Buildings).....	859,215	220,290	.....	.....	.....	638,578	347
Construction—Major Contract Projects.....	43,903,810	.....	1,921,053	31,443,226	8,213,788	2,325,743	.....
Construction—Day Labour and Minor Contract Projects.....	404,694	161,705	242,556	.....	.....	.....	433
Repair and Upkeep of Buildings and Works including Land.....	7,434,913	.....	7,427,920	.....	.....	.....	6,993
Rentals of Land, Buildings and Works.....	111,584	110,170	.....	.....	.....	.....	1,414

16	Major Procurement of Equipment—	122, 150, 634	4, 447, 634	117, 692, 468	.....	.....	10, 582
	Aircraft and Engines.....	1, 934, 188	72, 319	1, 795, 752	.....	.....	66, 117
	Mechanical Engineering including Transport.....	232, 544	45, 942	1, 179, 086	.....	.....	7, 516
	Armament Equipment.....	6, 367, 353	71, 564	6, 238, 223	.....	.....	57, 566
	Signals and Wireless Equipment.....	122, 126	6, 138	113, 060	.....	.....	2, 328
	Special Training Equipment.....	2, 949, 807	78, 055	2, 510, 862	.....	.....	360, 890
	Miscellaneous Equipment.....	.....	.....	.....	.....	.....	.....
17	Repair and Upkeep of Equipment—	.....	.....	.....	.....	.....	.....
	Repair and Spare Parts for Mechanical Equipment including Transport.....	798, 086	670	127, 206	.....	.....	670, 210
	Overhaul of Aircraft including Spares.....	19, 173, 697	199, 944	18, 909, 595	.....	.....	64, 158
	Miscellaneous Repairs.....	2, 462, 249	5, 052	2, 398, 900	.....	.....	58, 297
18	Rentals of Equipment.....	.....	.....	.....	.....	.....	.....
19	Municipal and Public Utility Services.....	802, 749	771, 355	.....	.....	.....	31, 394
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	31, 221	19, 412	.....	.....	.....	11, 809
21	Pensions, Superannuation and other Benefits for Personal Services.....	70, 024	70, 020	.....	.....	.....	4
22	All Other Expenditures—	.....	.....	.....	.....	.....	.....
	Education of Dependents Children.....	154, 174	63, 467	77, 077	.....	.....	13, 630
	Laundry and Dry Cleaning.....	102, 248	.....	.....	.....	.....	102, 248
	Expenditures not elsewhere provided.....	564, 700	404, 567	.....	.....	.....	160, 133
	Adjustment—Miscellaneous and other Governments Recoverable.....	80, 939	80, 939	.....	.....	.....	.....
	Totals.....	283, 116, 774 (c)	60, 253, 092	174, 650, 086	32, 807, 410	8, 213, 788	4, 094, 534 (b)

NOTES: (a) Normally procured through King's Printer.

(b) Includes local purchases direct from the trade as well as requisitions on local DDP offices (Local allotments only).

(c) Expenditure total includes accountable advances.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts show in some instances are estimates and have not been obtained by a detailed examination of all invoices.

NOTE: Above expenditures include accumulated charges re NATO Air Training which are properly chargeable to the Special NATO Appropriation (Parliamentary Vote S 246). These charges to Oct. 31/51 amount to \$24,640,775.



## APPENDIX I (Cont.)

## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL-31 OCTOBER, 1951)

## DEFENCE RESEARCH BOARD-1950-51

	Expenditures 1950-51	Expenditures Analysed by Procurement Agency					Local Pro- curement
		DND	DDP	CMHC	NRC	OGD'S	
	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	3,744,927	3,730,334				14,593	
02 Civilian Allowances.....	48,983	48,983					
03 Pay and Allowances.....	75,891	75,891					
04 Professional and Special Services.....	131,016	15,279	107,560				8,177
05 Travelling and Removal Expenses.....	328,002	308,746	19,856				
06 Freight, Express and Cartage.....	42,615	42,615					
07 Postage.....	2,291	2,291					
08 Telephones, Telegrams and other Communication Services.....	30,793	23,990	3,032			3,771	
09 Printing of Departmental Reports and other Publications.....	67,039					67,039	
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	7,121					7,121	
11 Office Stationery, Supplies, Equipment and Furnishings.....	105,682					105,682	
12 Materials and Supplies.....	1,063,587	26,534	671,085		35,300	83	330,585
13 Acquisition and Construction of Buildings and Works including Acqui- sition of Land.....	2,109,264	344,090	1,104,725	552,466			107,983
14 Repair and Upkeep of Buildings and Works including Land.....	302,680	114,461	84,398				103,821
15 Rentals of Land, Buildings and Works.....	11,596	11,596					
16 Major Procurement of Equipment.....	11,631,365	51,287	11,194,841		76,280		308,957
17 Repair and Upkeep of Equipment.....	324,899	61,248	200,408				63,243
18 Rentals of Equipment.....							
19 Municipal and Public Utility Services.....	27,235	10,268	8,720		7,184		1,063
20 Contributions, Grants, Subsidies, etc., not including elsewhere.....	1,345,453	1,345,453					
21 Pensions, Superannuation and other Benefits for Personal Services.....	43,368	43,368					
22 All other Expenditures.....	1,043,367	104,074	628,204		27,978	275,595	7,516
89 Communications Research.....	927,555	149,658	750,861			25,960	1,076
Totals.....	23,415,329	6,510,166	14,773,690	552,466	146,742	499,844	932,421

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

DEFENCE RESEARCH BOARD—1951-52 (1 APRIL—31 OCT.)

	Expenditures 1 April— 31 October, 1951	ANALYSIS OF EXPENDITURES							Local Pro- curement
		DND	DDP	DCL	CMHC	DOT	NRC	OGD	
01 Civil Salaries and Wages.....	2,970,611	2,965,330	.....	.....	.....	5,281	.....	.....	.....
02 Civilian Allowances.....	37,034	36,692	.....	.....	.....	.....	.....	412	.....
03 Pay and Allowances.....	41,735	41,735	.....	.....	.....	.....	.....	.....	.....
04 Professional and Special Services.....	140,289	15,060	.....	125,229	.....	.....	.....	.....	.....
05 Travelling and Removal Expenses.....	275,045	219,682	55,181	.....	.....	182	.....	.....	.....
06 Freight, Express and Cartage.....	13,826	13,826	.....	.....	.....	.....	.....	.....	.....
07 Postage.....	1,793	1,793	.....	.....	.....	.....	.....	.....	.....
08 Telephones, Telegrams and other Commu- nication Services.....	25,753	24,474	.....	.....	.....	1,279	.....	.....	.....
09 Printing of Departmental Reports and other Publications.....	27,035	26,997	.....	.....	.....	.....	38	.....	.....
10 Films, Displays, Broadcasting, Advertising and other information materials.....	14,095	14,095	.....	.....	.....	.....	.....	.....	.....
11 Office Stationery, Supplies, Equipment and Furnishings.....	68,240	64,828	.....	.....	.....	.....	.....	3,412	.....
12 Materials and Supplies.....	669,003	5,477	269,064	.....	.....	.....	20,262	6,425	367,775
13 Acquisition and Construction of Buildings and Works Including Acquisition of Land.....	1,438,909	8,549	39,701	1,092,244	193,395	.....	.....	.....	105,020
14 Repair and Upkeep of Buildings and Works including Land.....	97,669	47,141	23,279	.....	.....	.....	.....	.....	27,249
15 Rentals of Land, Buildings and Works.....	4,042	1,482	.....	.....	.....	.....	.....	.....	2,560
16 Major Procurement of Equipment.....	6,306,888	29,828	6,122,963	.....	.....	.....	.....	.....	154,087
17 Repair and Upkeep of Equipment.....	92,072	684	.....	.....	.....	.....	.....	.....	91,388
18 Rentals of Equipment.....	10	.....	10	.....	.....	.....	.....	.....	.....
19 Municipal and Public Utility Services.....	11,238	5,327	5,286	.....	.....	.....	.....	.....	625
20 Contributions, Grants, Subsidies, etc., not included elsewhere.....	692,908	642,908	.....	.....	.....	.....	50,000	.....	.....
21 Pensions, Superannuation and other Benefits for Personal Services.....	14,794	14,794	.....	.....	.....	.....	.....	.....	.....
22 All other Expenditures.....	312,752	17,742	247,144	.....	.....	160	18,631	28,567	508
89 Communications Research.....	602,987	70,504	531,933	.....	.....	.....	.....	.....	550
TOTALS.....	13,858,728	4,268,878	7,294,561	1,217,473	193,395	6,902	88,931	38,816	749,772

NOTE. The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

DEPARTMENTAL ADMINISTRATION—1950-51

	Expenditures 1950-51	ANALYSIS OF EXPENDITURES		
		DND	DDP	Local Procurement
	\$	\$	\$	\$
01 Civil Salaries and Wages.....	2,141,970	2,141,970		
02 Civilian Allowances.....	620	620		
04 Professional and Special Services— Professional Fees—Architects, Engineers, Land Valuation and Legal.....	5,029	5,029		
05 Travelling and Removal Expenses.....	262,448	262,448		
06 Freight, Express and Cartage.....	1,967	1,967		
07 Postage.....	24,926	24,926		
08 Telephones, Telegrams and other Communication Services.....	23,991	23,991		
09 Printing of Departmental Reports and other Publications.....	63,586	63,586		
11 Office Stationery, Supplies, Equipment and Fur- nishings.....	72,090	72,090		
12 Materials and Supplies— Fuel for Heating, Cooking and Power Gener- ating Units.....	3,149			3,149
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	1,905			1,905
Miscellaneous Materials and Supplies.....	40,213		40,213	
14 Repair and Upkeep of Buildings and Works includ- ing Land.....	65,405	94	64,043	1,268
16 Major Procurement of Equipment— M.E. Equipment including Transport.....	8,114		8,114	
Miscellaneous Equipment.....	46,384		46,384	
17 Repair and Upkeep of Equipment— Repairs and Spare Parts for M.E. Equip- ment including Transport.....	294			294
19 Municipal and Public Utility Services.....	2,251	2,251		
21 Pensions, Superannuation and other Benefits for Personal Services.....	4,584	4,584		
22 All other Expenditures— Expenditures not elsewhere provided.....	215,535	215,535		
Imperial War Graves Commission.....	466,099	466,099		
Totals.....	3,450,560	3,285,190	158,754	6,616



## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

DEPARTMENTAL ADMINISTRATION 1951-52 (1 April-31 October)

	Expenditures 1st April to 31st Oct. 1951	ANALYSIS OF EXPENDITURES		
		DND	DDP	Local Procurement
	\$	\$	\$	\$
01 Civil Salaries and Wages.....	1,939,265	1,939,265		
04 Professional and Special Services— Professional Fees—Architects, Engineers, Land Valuation and Legal.....	74,086		74,086	
05 Travelling and Removal Expenses.....	257,466	257,466		
06 Freight, Express and Cartage.....	1,603	1,603		
07 Postage.....	28,061	28,601		
08 Telephones, Telegrams and other Communication Services.....	15,318	15,318		
09 Printing of Departmental Reports and Other Publications.....	32,468	32,468		
11 Office Stationery, Supplies, Equipment and Furnishings.....	54,496	54,496		
12 Materials and Supplies— Miscellaneous Materials and Supplies.....	25,542		25,542	
14 Repair and Upkeep of Buildings and Works including Land.....	18,068		18,068	
15 Rentals of Land, Buildings and Works.....	472	472		
16 Major Procurement of Equipment— Miscellaneous Equipment.....	66,914		66,914	
17 Repair and Upkeep of Equipment— Repairs and Spare Parts for Mechanical Equipment including Transport.....	48			48
18 Rentals of Equipment.....	3	3		
19 Municipal and Public Utility Services.....	910	910		
20 Contributions, Grants, Subsidies, etc., not in- cluded elsewhere.....				
21 Pensions, Superannuation and other Benefits for Personal Services.....	5,710	5,710		
22 All other Expenditures Expenditures not elsewhere provided.....	32,537	32,537		
Miscellaneous Recoverables.....	5,887	5,887		
	2,559,394	2,374,736	184,610	48

## APPENDIX J

Statement covering:

1. The cost of training, equipping and maintaining the 25th Brigade now in Korea;
2. The cost of RCAF participation in Korea airlift; and
3. The cost to the Navy of its participation in Korean naval operations.

## COST OF 25 CANADIAN INFANTRY BRIGADE

*Requested by Mr. Macdonnell*

1. *Pay and Allowances*

Total Pay and Allowances of 25 Infantry Brigade, all ranks on Brigade strength, to 30 November, 1951 amounts to \$17,364,714:

Fiscal Year 1950-51 .....	\$ 8,479,033
Fiscal Year 1951-52 (8 months) .....	8,885,681
Total .....	\$17,364,714

2. *Maintenance Support at Fort Lewis, WN. And Transportation Inward to Fort Lewis*

- (a) Charges by United States Army for maintenance support provided the Canadian Army at Fort Lewis amount to \$2,655,753.46 (\$2,519,883.78 U.S. funds), made up as follows:

Food supplies .....	\$1,171,986.17
Repair and upkeep of buildings .....	162,152.10
Fuel—heating, cooking, operation of mechanical equipment including transport; lubricants .....	438,307.27
Barrack, hospital, camp and miscellaneous equipment and stores .....	125,230.64
Laundry and dry cleaning; clothing maintenance .....	113,247.37
Equipment maintenance—spare parts and contract repair .....	216,022.90
Medical supplies and services .....	289,973.72
Miscellaneous—communication services, training ammunition .....	138,833.29
Total .....	\$2,655,753.46

- (b) Transportation to Fort Lewis from training establishment in Canada initial move only (return from embarkation leave destination point not included) amounts to \$798,420.

- (c) Total—United States Army support and initial move to Fort Lewis
- |                                       |                |
|---------------------------------------|----------------|
| (i) United States Army support .....  | \$2,655,753.46 |
| (ii) Initial move to Fort Lewis ..... | 798,420.00     |
| Total .....                           | \$3,454,173.46 |

3. *Expenditure to Complete Equipment 25 Canadian Infantry Brigade (purchases only, items drawn from stocks NOT included).*

Mechanical equipment—weapon carriers, trucks crawler tractors, trailers, water supply sets, mechanical refrigerator units mobile bath units .....	\$ Canadian 8,567,068
Armament—mortars, rocket launchers, flame throwers .....	242,863
Tanks .....	3,045,000
Signals equipment .....	442,884
Field ranges, cooking outfits, inflammable drums, gas bottles .....	112,868

Clothing—socks, field trousers .....	495,020
Office equipment and appliances .....	89,898
Medical equipment and supplies .....	45,646
Demolition stores, mines and flares .....	15,333
Total .....	<u>\$13,056,580</u>

4. *Costs of 25 Canadian Infantry Brigade in Korea and Japan  
To November 30, 1951*

Pay and Allowances .....		\$ Canadian
Maintenance Support*		9,086,697
Civil Salaries and Wages .....	24,500	
Food supplies .....	2,915,911	
Fuel—for heating cooking, operation of power generators, mechanical equip- ment including transport; lubricants ...	423,523 <sup>c</sup>	
Barrack, camp, hospital and miscellaneous equipment and stores .....	1,296,412	
Laundry and dry cleaning .....	162,074	
Maintenance of clothing and personal equipment .....	3,168,991	
Ammunition and bombs .....	11,253,476	
Maintenance of mechanical equipment— spare parts, contract repair .....	5,566,400	
Medical and dental services and supplies ...	2,227,032	
Armament maintenance .....	538,259	
Signal and wireless equipment maintenance	153,587	
Communication services—telegraph, etc. ...	31,700	
Miscellaneous labour hire .....	17,000	
Maintenance and repair of buildings .....	20,237	
Freight, express and cartage# .....	1,564,900	
Office supplies, equipment .....	300,500	29,644,506
Total .....		<u>38,751,203</u>

\* Comprises cost of all supplies and stores received in Far East, including items of Canadian, United States, United Kingdom and Australian origin.

# Refers to charges covering maintenance support not included in main ocean movement referred to in paragraph 5 below.

5. *Cost of Trans-Pacific Surface Transportation<sup>Ø</sup>*

(a) Personnel—westbound .....	1,711,522	
—eastbound .....	70,153	1,781,675
(b) Freight—ocean transportation .....	1,444,032	
Port handling—stevedoring, port switching port proofing of cargo .....	237,860	1,681,892
Total .....		<u>3,463,567</u>

Ø Cost to December 1, 1951 for all service performed by United States Military Sea Transport Service and includes costs of charter and operation of the freighters put into the United States Military Sea Transport Service shipping pool.



## ESTIMATED COST OF KOREAN AIRLIFT FOR PERIOD ENDED 31 OCT. 51

(1) Pay and Allowances .....	\$1,603,651
(2) Travelling Expenses .....	269,204
(3) Accommodation, rations, station services .....	475,829
(4) Freight and Express .....	23,156
(5) Miscellaneous local procurement .....	36,138
(6) Aero gas and oil .....	831,883
(7) Overhaul and Maintenance of aircraft .....	1,210,255
(8) Chartered Airlift	
Canadian Pacific Airlines .....	4,501,218
<b>Total .....</b>	<b>\$8,951,334</b>

## BASIS OF CALCULATIONS

*Pay and Allowances*

Actual expenditure for pay and allowances for the period 426 Squadron was based at Tacoma, August 1950—June 1951.

Estimated cost of pay and allowances for the balance of the period because actual expenditures constitute a part of those of Station Lachine. The estimated monthly cost is lower than the actual at Tacoma because the squadron is carrying out other commitments and the number of aircraft assigned to the Korean Airlift has been reduced.

*Travelling Expenses*

Actual expenditures for the period 426 Squadron was based at Tacoma. Estimated cost for balance of the period calculated as for item 1.

*Accommodation, Rations Station Services*

Actual expenditures for the period 426 Squadron was based at Tacoma made in accordance with the per capita rate negotiated with the U.S.A.F. For the balance of the period the cost of rations for squadron personnel has been included.

*Freight and Express*

Actual expenditures for the period the squadron was based at Tacoma.

*Miscellaneous Local Procurement*

Actual expenditures as recorded by the Chief Treasury Officer, Department of National Defence.

*Aero Gas and Oil*

Actual expenditures are included for the period ended 31 Mar. '51 during which aero gas and oil was purchased from the U.S.A.F. For the balance of the period the cost is estimated for the actual flying hours at the rate of consumption during the period of direct purchase.

*Overhaul and Maintenance of Aircraft*

Estimated cost based on indices of overhaul and maintenance costs per flying hour, for the types of aircraft in use. Indices were prepared from statistics over a period of time and in accordance with formulae produced by U.S. commercial airlines and the Department of Transport.

*Chartered Airlift—Canadian Pacific Airlines*

This amount represents expenditures made on the airlift contract with Canadian Pacific Airlines which was authorized by Orders in Council.

## COST OF NAVY OPERATIONS IN KOREAN WATERS TO 31 OCTOBER, 1951

Pay and Allowances of Officers and Men .....	2,841,792
Food .....	799,364
Fuel Oil .....	1,221,372
Ammunition .....	1,200,000
Repairs and Refits of Ships .....	541,517
Stores .....	33,577
Clothing .....	2,181
	<hr/>
	\$6,639,803

The above figures cover the operation of the following destroyers:

Ship	From	To	Officers	Men
<i>Cayuga</i>	5 July 1950	7 April 1951	14	265
	19 June 1951	31 Oct. 1951	14	243
<i>Athabaskan</i>	5 July 1951	17 May 1951	15	259
	2 Aug. 1951	31 Oct. 1951	15	254
<i>Sioux</i>	5 July 1950	4 Feb. 1951	15	237
	8 April 1951	31 Oct. 1951	15	227
<i>Nootka</i>	25 Nov. 1950	21 Aug. 1951	15	248
<i>Huron</i>	22 Jan. 1951	21 Sept. 1951	16	248

Pay and Allowances are based on actual pay and allowances for officers and men on each Destroyer from the time ship left Esquimalt until she returned to home port.

Food is based on cost of feeding in Korean operational zone at \$1.75 per day.

Repairs and maintenance covers cost of repairs and refit of various destroyers on return from Korean operation.

Fuel covers cost of fuel to September 30, 1951 and is based on actual consumption of the various destroyers to that date.

Ammunition is based on consumption reports to May, 1951 and estimated consumption to October 31, 1951 based on available information.

Clothing and Stores represent items purchased by ships during operation and does not include items issued from stores while ships are in home ports.

## APPENDIX K

COST OF TRAINING, EQUIPPING AND MAINTAINING 27TH CANADIAN  
INFANTRY BRIGADE TO 30 NOVEMBER, 19511. *Pay and Allowances, to 30 Nov. 51*

Total for all ranks on strength of Brigade (replacements not included) from date of organization to 30 Nov. 51 .....\$ 4,889,375

2. *Cost of Occupation Valcartier Camp*

Rehabilitation and repair of wartime construction, to make ready for occupancy .....	1,020,020
Additional fuel for heating and cooking .....	36,400
Additional public services .....	18,200
Civil salaries and wages, extra employment .....	42,885
Gasoline, fuel oil expenses, operation of mechanical equipment including transport .....	91,020
Food supplies and catering .....	505,824

Total .....\$ 1,714,349

3. *Expenditures to Complete Equipment and Stores*

(items drawn from stock not included)

Vehicles—jeeps, trucks .....	835,388
Tanks .....	248,900
Weapons .....	7,500
Signal equipment .....	258,323
Ammunition—U.S. natures .....	1,009,342
Medical equipment and supplies .....	23,046
Office appliances and equipment .....	56,075
Clothing .....	187,264

Total .....\$ 2,625,838

4. *Transportation Charges*

Expenditures in Canada (include expenditures respecting replacement elements as not available separately)

Travelling and Removal Expenses .....	1,151,776
Freight, Express and Cartage .....	916,543
	<hr/>
	2,068,319

## Ocean Transportation

Personnel .....	445,235
Freight .....	1,032,344
	<hr/>
	1,477,579

Total .....\$ 3,545,898



## MINUTES OF PROCEEDINGS

THURSDAY, December 13, 1951

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Balcom, Blanchette, Campney, Cavers, Churchill, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Power, Pinard, Quelch, Stick, and Wright. (24).

### *In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Mr. T. N. Beaupre, Mr. G. W. Hunter, and Miss Ruth E. Addison.

From the *Department of National Defence*: Mr. C. M. Drury, Mr. E. B. Armstrong, Mr. R. J. Sutherland, Mr. G. W. Dunn, and Mr. A. S. Duncan.

From the *Department of Finance*: Mr. R. Keith.

Before proceeding, Mr. Macdonnell called the attention of the Committee to a request for a tender from the Department of Defence Production. He quoted document S-20-K-909, dated October 22nd, 1951, and commented on the quantity required of this article to be tendered for.

In this connection, Mr. McIlraith suggested that, in future, notice of such questions as the one raised by Mr. Macdonnell should be given to the Sub-Committee on Agenda.

The Chairman tabled the following documents, prepared by the Department of National Defence, which were ordered printed as *appendices* to this day's evidence, namely:

### *Appendix L—*

Construction of Barracks and Messes for the Armed Forces since April 1, 1950, showing locations, numbers, type, total and per capita cost.

### *Appendix M—*

Return showing land and buildings purchased from April 1, 1950 to October 31, 1951, and leases of land and buildings in force on December 1, 1951.

Mr. M. W. Mackenzie was called and produced a document in answer to a question of Mr. Wright, and was questioned thereon.

### *Appendix N—*

Orders placed by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence for selected items of operational equipment, April, 1950-November, 1951.

*Ordered* that the above documents be printed.

In relation to *Appendix N*, Mr. Drew asked that additional information be supplied with respect to the date of orders placed, and dates and points of deliveries.

After a discussion on procedure, the Chairman quoted the Order of Reference.

It was agreed to incorporate in the printed record for the convenience of the members of the Committee, and the officials concerned, or any other similar committee, lists of questions which the members care to submit to the Chairman, until Saturday, December 15.

The Chairman thanked Messrs. Drury and Mackenzie for their assistance and co-operation. Messrs. Drury and Mackenzie were retired.

After discussion, Mr. Drew moved that "when the Committee rises this day, it stand adjourned until Saturday at a time to be designated by the Chairman".

The question being put on Mr. Drew's motion, it was resolved in the negative on the following division:

*Yeas:* Messrs. Adamson, Churchill, Drew, Harkness, and Macdonnell. (5)

*Nays:* Messrs. Blanchette, Campany, Cavers, Gauthier (*Portneuf*), George, Henderson, Hunter, James, Jones, MacDougall, McCusker, McIlraith, Stick, and Wright. (14)

The question of presenting a report having been raised, it was agreed that no report would be presented to the House.

At 1.15 o'clock p.m., the Committee adjourned *sine die*.

ANTONIO PLOUFFE,

*Clerk of the Committee*

## EVIDENCE

THURSDAY, December 13, 1951.

11:30 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. MACDONNELL: Mr. Chairman, may I ask the Department of Defence Production for information about a tender which I understand has been called for a certain article. I think now would be the time for me to do it. I have here, I suppose I should call it a request for a tender from the Department of Defence Production, dated October 22nd, 1951, and it is for 63,000 of what are described as "forks—serving". Well, that struck one of the people who was asked to tender as a strange order because he exhibited to me a sample of the article concerned, it seemed to me to be a rather mysterious sort of weapon, which he says it called for in this tender. I have one of them with me, Mr. Chairman, here it is. (Wooden handled long table fork displayed). I made inquiries about this both from hotel people and from merchants and they assure me that this by no stretch of the imagination could ever be wanted in that quantity; I mean, a large hotel might want a score or two score.

Mr. MACDOUGALL: What do they use them for?

Mr. MACDONNELL: Serving forks. I am quite an expert on it now. It is a serving fork and apparently it is used by the waiter when he comes along to the table at dinner and he has a platter with meat carved up on it and then as he goes along serving he ladles it out with his fork. I am told that this is not what is generally considered as a serving fork. It is not the kind of thing that I had exhibited to me in a hotel where I made certain inquiries, and I am assured by a responsible person that this is exactly similar to the kind of thing that was exhibited in the department in answer to an inquiry which was made pursuant to the call for tenders. There is one other thing which perhaps I might consider. There seems to be some difference as to departmental requirement—as to the amount—because a question was asked in the House about this number and the answer given was 40,000 not 63,000; but I still think there must be some extraordinary blunder in calling tenders for serving forks of this kind and in calling for, perhaps not for 63,000, but even for 40,000, of this dangerous instrument, or anything like that; but I thought, Mr. Chairman, that it would be well to mention it. I might say that the person who sent this information was convinced himself that there was a certain amount of carelessness and excess ordering in respect to some of the items, and I am given to understand that this is not the only one. Incidentally, the number of the tender is S-20-K-909, dated October 22nd, 1951.

Mr. MACDOUGALL: That could be used as an auxiliary bayonet too.

Mr. MCILRAITH: Mr. Chairman, might I say a word before we go further? Could we not get some procedure in this committee whereby we could be given the tender number in advance. We could then get the information. There is no point in trying to discuss it now when there has been no opportunity to look up the record. It is very easy to turn up this sort of information and find out all about it if we have notice in advance. It seems to me that notice of this type of question should be given to the steering committee. It would be a more orderly procedure and more helpful to the committee at large. We are in the position of having the subject mentioned and put on the record as



evidence when we know nothing about it at this point. It would have been better to have it done in an orderly way and to have all the evidence put in at the same time. I suggest that the steering committee might develop a method of having notice of questions of this sort so that they can be disposed of at one sitting.

Mr. MACDONNELL: I am sorry if I have done anything disorderly, but it does seem to me that we have plenty of time still; I understand we are going to be here for weeks more.

The CHAIRMAN: I suppose we will have to feel our way as we go along. I had no idea what Mr. Macdonnell was likely to bring up, consequently there was no opportunity to decide whether it was proper or not but we will try to avoid that sort of thing in the future.

I have answers to three outstanding questions. One was by Mr. Wright on the construction of barracks and messes and recreational facilities since April 1st, 1950, by units and per capita cost. Would you pass that answer around please? It will be incorporated in the record.

(See Appendix L)

Construction of Barracks and Messes.

While that is being passed around there is an outstanding question by Messrs. Jones, Stick and Churchill relating to land purchased or leased by the Department of National Defence since April 1st, 1950, and leases of land and building in force at December 1st, 1951. That will also be incorporated into the record.

(See Appendix M: Land purchased and leased by Department of national Defence.)

The CHAIRMAN: Gentlemen, you now have copies of both of these statements that will be incorporated into the record. The only outstanding question we have now is the one requiring information on weapons requested by Mr. Macdonnell. I will have Mr. Mackenzie give the answer to that.

In the interest of orderliness it was thought that Mr. Mackenzie's statement should be printed into the record. He has something to add by way of explanation, then after that is given we will call Mr. Drury and continue where we left off. (See Appendix "N" Orders Placed by Canadian Commercial Corporation and Department of Defence Production for Department of National Defence.)

**Mr. M. W. Mackenzie, Deputy Minister of Defence Production, recalled:**

The WITNESS: In tabling this list of orders placed on behalf of the Department of National Defence, I would like to make just one or two explanatory comments. When the Department of Defence Production was established in April of this year, and in recognition of the marked expansion of the procurement program, it established a much more detailed statistical classification of orders placed than had been necessary prior to that time. The system which was adopted in substantially that followed in the United States. This involved a major expansion of our statistical organization and the employment of a punch card system. The department came into existence on the 1st of April, but the new statistical system only became operative in July. I will not attempt to describe the system of classification in any detail but just by way of illustration, prior to the introduction of this system we had a classification "vehicles", but now I am told that there are some 24 subclassifications of vehicles. I mention this simply so that the committee will know that in respect of orders that are being placed today we will be able to give a more extensive breakdown than we

could in relation to contracts placed in 1950. Now, if we have interpreted correctly the questions that have been asked, they have been directed to what might be described as operational equipment which, for example, in the case of vehicles would mean tanks, self-propelled weapons and military type vehicles to the exclusion of civilian type vehicles, such as passenger or load carrying or off-the-road vehicles. In an attempt to provide the details now requested of orders placed and payments made thereagainst—not only in respect of the orders currently being placed but going back to April, 1950—we have had to examine the major contracts that have been let since April, 1950. They have had to be tabulated in a way so that the expenditures against any of the contracts can be shown. The figures that have been prepared will, I hope, meet the committee's requirements, but I want to make it clear that they do not include a large number of relatively small orders. The totals given for the various categories are totals of major contracts only. I am satisfied that no major items have been omitted, but there has not been time to prove the figures by detailed reconciliation, which would involve the examination of tens of thousands of very small contracts. I might say that the contracts that are listed represent about 62 per cent of the total contracts let during the period. The balance, of course, would be accounted for largely by construction contracts; by the textile program, including clothing and footwear; by such items as fuel, food, barrack room stores, and so on. Now, the estimated values that are given are, in some instances, too low, although it is not yet possible to revise those estimates in any firm way.

*By Mr. Harkness:*

Q. What do you mean by "estimated values" there? As I understand this, you have here a list of the contracts which have been let.—A. That is right.

Q. That is not an estimate, is it?—A. The first column of figures in each case is the estimated value of the contract.

Q. In other words, these are not firm contracts, then?—A. Oh, yes, these are firm contracts.

Q. I mean, as far as the total amount is concerned?—A. Many of these contracts do not state a firm price.

Q. That is what I mean—I should have said a firm price.—A. We have had to estimate what the ultimate cost would be.

MR. MACDONNELL: Does the word "value"—

The CHAIRMAN: Just a minute, gentlemen. We have followed the procedure of permitting the witness to finish his statement, and then if you would like some clarification he would answer questions. Please go on, Mr. Mackenzie.

The WITNESS: The first column shows estimated value, which is the estimate of the amount involved that was made at the time the contract was let. As I was explaining, some of those estimates are, to some extent, out of date. Some of them are too low. We know that costs are increasing since the contract was placed but we have not been able to revise each one of these estimates. In other cases, some of the estimates have been too high, and we have been able to do a little better, but it must be recognized that these are estimated values and it is the only thing that could be given at this stage. Some of the contracts are, as I said in my earlier statement, cost plus contracts where we do not know at all what the ultimate is going to be.

MR. MACDONNELL: Mr. Mackenzie, may I interrupt? Mr. Chairman, are you really ruling that now that we are on this statement with itemized figures which the deputy is going over you do not want us to ask him questions about these figures?



The CHAIRMAN: You will be able to deal with these figures in a few minutes. Mr. Mackenzie is now making a statement that is explanatory to those figures. When he is finished you will be able to question him.

The WITNESS: As far as payments against individual contracts are concerned, those are labelled expenditures. I should point out that the aggregate figures of payments made against the total program do give an indication of the total progress to date. As you narrow this information down to specific types and, still further, as you narrow it down to individual contracts, it becomes more difficult to draw firm conclusions from those figures. For example, some contracts provide for a down payment. Some contracts provide for progress payments. In some cases payments are not made until delivery. Then there is the fact of certain pool orders which are placed. I explained in my earlier statement that we have, through the revolving fund of the department, placed pool orders, for example, for the propulsion machinery for the escort vessels; that is a contract, incidentally, which has been placed with the John Inglis Co. The payments made there cannot be related to each individual contract for a ship, which contract is with a shipyard.

Mr. WRIGHT: On the fourth page, Mr. Chairman, down near the bottom of the page, there is an item with respect to Sorel Industries Limited for 138 105 Howitzers, for \$846,197, and following that there is an item for the United States government in connection with 88 105 mm howitzers, and the value is \$1,457,646. Why is there such a difference there?

The CHAIRMAN: Mr. Wright, if you will please let the witness finish his statement, I will recognize you.

The WITNESS: Now, one important field in which it has not been possible to make a suitable analysis of orders placed is that of Electronics because of the technical nature of the equipment and the fact that it is usually, but not always, incorporated in some other piece of equipment. Consequently it is most difficult to analyze it statistically. Furthermore, in this field rather more than others, there is a large element of work which is classified for security reasons. Accordingly, I do not have a table of major electronic orders placed although it should be noted that the aircraft figures which are given do include the electronics gear that has to be actually embodied in the airframe. It has not been possible, to separate this out. But if I had to hazard a guess, I would say that the electronic equipment in that program must amount to between \$200 million and \$300 million. But it is not possible to pick it out individually. Electronic equipment is therefore aircraft figures.

However, in the case of ships the figures do not include the specialized electronic equipment that will be ultimately installed. Apart from these complications, as I have said, there is a substantial volume of orders in the electronics field which is classified. The principal item in the field that can be clearly identified is the mobile radar set known as the No. 4 mark VI. This order has been placed with Canadian Arsenals Limited, and has an estimated value of some \$35 million. Three hundred of these sets, however, are being built as part of our NATO mutual aid program.

The figures for payments that will be given are, of course, supplied by the Department of National Defence, since payments are to be made through the Department of National Defence. But the figures for orders placed are taken from records of the Department of Defence Production. One additional point should be mentioned. At the top of the first sheet, there is a summary. I would like to read it for greater clarity.

The list covers all major orders placed on behalf of the Department of National Defence for operational equipment, with the exception of specialized electronic items. The figures given for aircraft, however, include the value of the electronic gear to be embodied in the actual



airframes. The estimated value of the orders and the expenditures there against relate to production contracts only and do not include those for capital assistance or development. The period covered is from April, 1950 to November, 1951.

One other item that is of importance is this: you will see at the bottom of the summary an item reading: "Expenditure for bulk orders placed with the United States government for divisional equipment" in the amount of \$46 million.

It is just not possible to allocate that \$46 million over the various individual items because the payments are made against a bulk order, which payments have been made to the United States government. It would relate largely to categories 2, 3, and 4. Orders marked with an asterisk are the ones against which this bulk payment of \$46 million applied. I think that is all I have to say, Mr. Chairman.

The CHAIRMAN: It is intended to have a short question period, and then revert to Mr. Drury. I think you have a question, Mr. Wright?

Mr. WRIGHT: Yes. I have a question in regard to page 2 of mimeographed price list.

The CHAIRMAN: You must speak up, Mr. Wright. You say your question is on page 2?

Mr. WRIGHT: That is right, on page 2 of mimeographed document.

The CHAIRMAN: Page 2 of Mr. Mackenzie's report?

Mr. WRIGHT: That is right. You will see there an item for Sorel Industries Limited of 138 105 mm. Howitzers with estimated value of \$1,500,000.

The CHAIRMAN: That would be about the middle of the page?

Mr. WRIGHT: In the lower part of the page.

*By Mr. Wright:*

Q. And for the United States government there is an item of 38 105 mm. Howitzers with an estimated value of \$1,457,646. Approximately the same amount of money is being paid for only 88 of those howitzers bought from the United States government as compared with \$1,500,000 for 138 of those howitzers being paid to Sorel Industries Limited. Might we have an explanation for that?—A. This is just an illustration of what I was saying, that the estimated values can be very misleading. The 88 howitzers were being bought from the United States government and that is the estimate we got from them on what we would have to pay. That is not a firm contractual price. That is an estimate which was received at the time. Now, in addition to buying 88 howitzers from the United States it was decided to manufacture this particular type of howitzer in Canada and it was thought at the time that the order would amount to \$1½ million, but whether that will prove to be the case, only time will tell.

Q. Then these figures do not really mean very much?—A. I was particularly careful to say that, when talking about these orders for equipment that are being made for the first time in Canada, it is practically impossible to be categorical as to what the items are going to cost.

Q. You will notice that there is a vast difference in these two items?—A. It may well be.

Q. It would look as if they could be made much cheaper at home than brought in from outside the country.—A. It may well be that the purchase from the United States will not amount to as much as that, or it may well be that the cost of manufacturing them in Sorel will be higher.

Mr. MACDOUGALL: It is a new venture, is it not?

The WITNESS: Yes, it is a new venture and I cannot say that is what it is going to cost.

*By Mr. Drew:*

Q. On the first page of the summary, the first item relates to small arms and machine guns, .60 calibre (15.2 mm) and under; does that include any rifles?—A. You can see the details of the item on the second page. Each of those items is fully detailed.

Q. Then there are no rifles which are not included on the second page?—A. No, only the items recorded. But you will notice the last item on the page which has to do with "parts, accessories and repairs for .303 rifles."

Q. What about that item for 20,951 .30 calibre rifles?—A. I am sorry. There are four orders here which are marked as "partly suspended"; and you will notice in the explanation at the top of the page that it says:

This figure includes orders for United States type small arms valued at \$1,103,621 on which procurement has been suspended pending clarification of the issue of standardization.

Q. That being so, it would be correct to say then that the total orders to Canadian Arsenals Limited are for 1,176 .22 caliber rifles, and there is no former order given them for rifles?—A. That is correct. And these orders that have been placed have been suspended.

Q. That is right. Now let me go on to machine guns. Where in this item are machine guns? I see that there are 12,291 Browning .5 machine guns, and that is an order placed with Canadian Arsenals Limited on which \$26,620 has been spent. Now, can you tell me when that order was placed?—A. I have not got the date here, Mr. Drew.

Q. Would you get that for me and say, so that we will understand these figures, that expenditures are made currently as delivery is completed. Is that not so? Just so we will understand these figures and the interpretation of them, expenditures are made currently as delivery is completed, is that so?—A. That depends on the terms of the contract. As I said earlier, some contracts provide for down payments, some contracts provide for progress payments—

Q. Yes?—A. Other contracts provide for payment only at the time of delivery. A very good illustration of that is the contract for trucks, military type vehicles.

Q. Yes?—A. In category 3 you will see the last item is General Motors of Canada, two and a half ton trucks. The expenditure is nil, but the amount of the order is \$13 million.

Those trucks are actually coming off the production now and so work has been done, but in that case we have not been billed by General Motors because—and I happen to know that particular one—payment is only made after final acceptance. We have not made payments to General Motors in that case.

Q. Well, I am simply dealing with the weapons of an infantry unit. The machine guns that are on order are Browning .5 machine guns and do we take it those are the only machine guns on order at this time?—A. This is a complete list of all major items, the same as the other.

Q. If that is so, I think we can take it those are the only machine guns on order at the present time—that is of standard machine guns? Then, I see an item of 2,025 .45 calibre sub-machine guns on order from the United States government on which no expenditure has been made, and I see beside that item that it is partly suspended—so there is no order at the present time for machine guns?—A. As I explained earlier all these items marked with the asterisk are those in the total group of items against which there has been \$46 million spent but which cannot be allocated to individual orders.



Q. But that is covered by the indication that the order has been suspended?  
—A. Yes, but part of that might have been delivered. It may be that some part of this order have been delivered.

Mr. MACDONNELL: Would it not be a matter of record?

*By Mr. Drew:*

Q. You would be able to tell us?—A. I have not got the information here.

Q. Would you get that information?—A. In respect of—

Q. Of how many of the sub-machine guns have been delivered.

Then I see there is a small order of 734 .50 calibre machine guns. Do you know what type that is—it does not name the type?—A. I could not tell you.

Q. The reason I ask is that .5 and .50 are the same and I notice you have 12,291 Browning .5 machine guns?—A. I am afraid I cannot answer that.

Q. Could you get that information.

Of course, again in mentioning that, it is one of the orders that has been suspended—but you are going to get information as to the details.

Going further down there is an order with Harrington and Richardson Arms Company Limited for 4,440 survival weapons. Do you know what they are?  
—A. I understand a survival weapon is for example issued to air crew, in event of their having to look after themselves in the bush.

Q. It is a .22 rifle?—A. Yes, I understand so.

Q. Where are Harrington and Richardson Arms Company located?—  
A. Drummondville.

Q. Well, from this Mr. Mackenzie, might we take it that there are no PIAT's or similar weapons on order?—A. Well, Mr. Drew, PIAT's come under the heading of rocket launchers and there are separate sheets for each classification.

Q. Well, let us wait then—but what about bazookas, would they come under rocket launchers?—A. Yes.

Q. What about recoilless guns, under what heading do they come?—  
A. They are labelled recoilless rifles, under the heading of artillery and naval guns.

Q. The six-pounder anti-tank gun would come under artillery weapons would it?—A. Yes.

The CHAIRMAN: Gentlemen, this is quite an important document placed before you by Mr. Mackenzie. I think we ought to give it some study and consideration before doing any more questioning on it—unless you have something immediate.

Mr. DREW: Yes, but I was simply checking as to where these infantry weapons were.

The CHAIRMAN: I think those are proper questions.

*By Mr. Drew:*

Q. Before I pass on from sheet 1, Mr. Mackenzie, are you in a position to say, from your knowledge as deputy minister of Defence Production, whether a decision has been made in regard to the calibre of rifle and standard machine gun that we are going to employ in our defence forces?—A. I cannot answer that question.

Q. Well in any event, just simply so we leave no doubt about it, there are no orders for rifles, sub-machine guns, machine guns, or other infantry weapons that are not included here?—A. This, to the best of my knowledge, is a complete list of the major orders placed during the period stated.

Q. Then we come to the next page?

Mr. MACDOUGALL: What page are you on now, Mr. Drew?



Mr. DREW: Page 2 of the summary.

On the next page I see there is an order for 59 4.2 inch mortars, or that order is suspended?

The WITNESS: No, sir. That is not so.

*By Mr. Drew:*

Q. Then the mark means something different on this page?—A. No, sir, the ones that have been partially suspended have been marked “suspended” or “partially suspended” and the asterisk refers to items against which the \$46 million has been paid but which cannot be allocated to the individual orders.

Q. Then the order has been placed for 59 4.2 inch mortars, but there is no expenditure, and I gather from your explanation that it is difficult to allocate the particular amount that would be appropriated to that particular purpose. Are these mortars yet delivered?—A. I cannot answer that, Mr. Drew.

Q. Well, would you get information as to when the order was placed and whether delivery has been made—or when delivery may be expected?

Mr. McILRAITH: Could I get, for the record, an explanation of the asterisk at this item for 59 4.2 mortars. As I understand it, the item of \$46 million in the summary is in the expenditures column and has been spent, and the mortars may have been paid for out of this \$46 millions and may have been delivered. Is my understanding on that point correct?

The WITNESS: Yes, I just have not the information as to whether they have been delivered.

Mr. McILRAITH: But they could have been delivered and may have been paid for.

Mr. HARKNESS: In connection with this whole thing, neither the expenditures item nor anything else gives us any idea of what deliveries have been made? That is really what it comes to?

The WITNESS: That is right. This does not cover deliveries of equipment.

Mr. HENDERSON: Mr. Mackenzie, some of these items may have been delivered in Korea and you do not know what items may have been delivered in Canada?

The WITNESS: I was using the word “delivered” to mean delivery to the Department of National Defence wherever they took delivery.

Mr. HENDERSON: No matter where it is delivered?

The WITNESS: No matter where it is delivered.

*By Mr. Drew:*

Q. So that some of these orders may simply be orders that were completed for the purpose of equipping our troops in Korea with American equipment. Is that the idea?—A. Yes, it may well be.

Q. But that does not necessarily tell us what guns we have for our own forces in this country or for European forces.—A. As I understand the question, it was with respect to orders and deliveries that have been made against them.

Mr. DREW: Yes, but it does not give us the picture too clearly unless first of all we know when the orders have been placed and then link that up with the general expectation of deliveries and also, in cases where they have not been delivered, when deliveries may be expected.

The CHAIRMAN: In fairness to the witness, Mr. Drew, he has answered the question which was asked him. If there are any other questions, more specific questions, I am quite sure he will answer them also.

Mr. MACDONNELL: Mr. Chairman, might I make one comment? I think on these questions we asked, it was important that we should have a clear knowledge as to where these things were to be used; that is, whether they were for the forces in Korea and elsewhere. Unfortunately, we are not to have the question answered in such a way that we would know if they are available in Canada. I mean, this question of delivery is most important—of course money is also important—but I think we should know what provision is made for deliveries in Canada. The real question has to do with weapons for troops in Canada. It does seem to me important that we should know what the weapons delivery schedule is and that is a top priority question that we ought to know about.

The CHAIRMAN: At the last meeting there was great emphasis placed on what weapons had been purchased. This gives you that information. The question as to what weapons have been delivered will also be answered in due course.

Mr. DREW: I just want to correct that to this extent. You will recall the terms of reference to the committee were to examine into the use of public money in relation to defence, and what is most important to us is that we should know what the requisitions are as we may relate them fully to defence preparations and to the needs of our defence forces. In that respect deliveries are most important because, in the first place, deliveries tell us the story. The second point is that it does not tell us where these weapons are and the number that are available for our own defence resources here in Canada. That was the object of asking the question; and if the witness hasn't got that information now may I ask him to supply us with it at the earliest possible moment.

Mr. MACDONNELL: We should know what the deliveries are in Canada; what is actually happening not only in Korea and in Europe but also what the position of deliveries is in Canada.

Mr. DREW: This does not tell us very much about deliveries in Canada. The fact that you have had deliveries of these 59 4·2 mortars in Korea; does not mean much in explaining what mortars are available for Canadian defence preparation or for the fitting out of our own forces. That is what I have in mind in this question.

Mr. MCILRAITH: Isn't there a reference to defence expenditures? We are considering defence expenditures at the moment and we are starting right on it. I think that the point Mr. Drew is making will emerge from the discussion.

Mr. DREW: That is what I am trying to get at.

Mr. MCILRAITH: I know that but we must start with the contracts that have been placed, the actual expenditures on them and the commitments. Now, I think that is the point. Of course, that information by itself is not all Mr. Drew is concerned about, but it does start us off.

Mr. DREW: But it will, Mr. McIlraith. If we know the details of the contracts that have been placed, as I pointed out, then we know when the orders were placed and when deliveries on those contracts can be expected; that is exactly what I had in mind.

Mr. MCILRAITH: That is what they are giving us now in their report.

Mr. DREW: I appreciate that.

Mr. MCILRAITH: They have given us a great volume of information this morning and we are getting along, as I see it, very quickly. I do not think you can just come forward with the whole thing all neatly tabulated because it is a very big job. Some of these contracts are tremendous things, and there is much detail which will have to be obtained. However, I don't see too much difficulty about it.



Mr. HUNTER: Mr. Drew wishes to determine whether 59 4.2 mortars have been delivered. It would seem that the purpose of this question is to try to determine the present state of the Canadian armed forces. I suggest that by obtaining that information which he is seeking he will not be achieving what he is endeavouring to ascertain, because without a complete list of the mortars already in the possession of the armed forces no true picture will emerge. I suggest, therefore, that without the additional information, which is outside the terms of reference of this committee, the question serves a very limited purpose.

Mr. DREW: I do not think so, Mr. Hunter. I think Mr. McIlraith has quite clearly indicated the relative facts of the situation. He pointed out that the facts are related to the contracts. I notice there is a reference there to 65 seventy-five millimetre weapons.

The CHAIRMAN: The department has tabled the answers to approximately 10 or 12 very long and very involved questions. My thought was that we would give this committee as much information as we could possibly place in their hands before prorogation. With that in mind, I have been urging the department on your behalf to supply all the information they can, and they are supplying a great deal of information. If there is further information which you require, let us know about it as soon as possible, we cannot be having many more meetings, if any. For that reason this questioning may do some good, but my thought is—and I go back now to the terms of reference, and I think Mr. Hunter's point may well be kept in mind—that the committee was set up to examine all expenditures of public money for National Defence and all commitments for expenditures for National Defence since March 31, 1950.

Mr. MACDONNELL: And to report from time to time their opinions thereon.

The CHAIRMAN: Yes, on expenditures. That is what we are committed to. I am not suggesting that the questions are out of order at the moment, but let us not lose ourselves, let us deal with expenditures for the time being. We may have an opportunity or another occasion to reach some conclusions.

Mr. DREW: Without attempting to reach any conclusions, may I ask Mr. Mackenzie if you know whether the 65 fifty-five millimetre rifles have been delivered.

The WITNESS: No, I have no figures of delivery here, Mr. Drew. This information, of course, again has to come from the Department of National Defence.

The CHAIRMAN: There is another question referring to selected items of operational equipment. Is it your request that we are to have delivery dates on all the items? Will that satisfy you? The date of order, the date of delivery?

Mr. DREW: Yes, the date of order and the date of delivery, and where delivered to.

The CHAIRMAN: The date of order and date of delivery. There may be no trouble on that, but from there on leave it at that. The delivery place is, of course, headquarters.

Mr. DREW: Let me explain what I mean. The fact is generally known that when our forces were sent to Korea they did their final training in the United States and they were equipped with American weapons—I think it is very important for us to know whether some of those items represent the weapons that were delivered for the purpose of equipping them to go to Korea. If those weapons represent the weapons delivered to the troops gone to Korea, then, of course, we immediately know what expenditure has or has not been made on weapons for both the active and reserve forces now training in Canada, as well as forces that we are sending to Europe. The last question I asked, Mr. Chairman, is with regard to the 65 55 millimetre rifles, which are like field guns.



The CHAIRMAN: Mr. Drew asked a general question on all this. The question asked you now is the date these orders were placed, the dates on which delivery was made and the place of delivery.

Mr. McILRAITH: As I understand Mr. Drew's last question it has to do with the use of these weapons, that is whether they went to the force in Korea or not. That is something of which this witness would have no knowledge. There may be some difficulty there. That may have to be obtained elsewhere.

Mr. DREW: I recognize that difficulty, but this witness will be in a position to answer the questions in regard to the date of the contracts and the date on which completion is to be effected.

The CHAIRMAN: The date when deliveries were made.

Mr. DREW: And are to be made. In other words, the essential details of the contract in that respect.

The CHAIRMAN: Let us be more specific so that we do not again misunderstand each other. The date the contracts were placed, the date when deliveries were made and, at what point were deliveries made.

Mr. DREW: And it grows out of the question I have already asked, when delivery of the balance of order may be expected.

The CHAIRMAN: Yes.

The WITNESS: I doubt very much that we can satisfactorily answer that. The dates on which the orders were placed is a matter that can be determined. The actual quantities that have been delivered to the Department of National Defence, I am sure, can be determined. Where they are delivered is, of course, a matter which we have no knowledge of in the Department of Defence Production. As far as making a forecast of the deliveries of all these items it would be, indeed, a very difficult task, if it is possible. We could do this for some of the items, undoubtedly, but with a great number of these items it is very difficult to set the production dates, and the forecasts are changing from time to time by reason of supply conditions.

*By Mr. Macdonnell:*

Q. Granted that one recognizes there may be changes, but surely every contract must indicate some expectation when it is at least hoped that delivery would be made, does it not?—A. In the contract itself?

Q. Or in the negotiations, let us say.—A. From the negotiations we know and have expectations as to when deliveries are going to commence on some of these orders.

*By Mr. Drew:*

Q. Mr. Mackenzie, is it not perfectly obvious that the one thing that the General Staff would want to know more than anything else, subject to all the variations that are inevitable, would be when they might expect delivery of weapons in relation to which they will be basing their plans for training and the dispatch of troops?—A. We have estimates of when these weapons are going to be delivered.

Q. Certainly; that is all I am asking.—A. They are not firm dates. The suggestion has been made that these are part of the contractual arrangements.

Mr. MACDONNELL: Maybe I used the wrong word. You said you had expectations of delivery.

*By Mr. Drew:*

Q. You can tell us when you expect delivery? You can answer from your records as to when you expect delivery?—A. It is very difficult, particularly in the case of the United States government deliveries.

Q. I simply point this out to illustrate the importance of the question and of getting some information in whatever form is most desirable. No plans could be made unless there was some anticipated date of delivery.—A. May I suggest we take notice of this question and see what we can do with it.

The CHAIRMAN: He said that he would attempt to answer the questions.

Mr. DREW: The 75 mm rifles would be light field guns?

The WITNESS: Those are recoilless rifles.

Mr. DREW: You say they are recoilless rifles.

The CHAIRMAN: What page are you on?

Mr. HARKNESS: Page 2 of mimeographed document.

Mr. DREW: Yes, page 2; and in the case of the 138 105 mm howitzers, I see there has been no payment, so I do not propose to ask further about it because the general information I have already asked for would cover it when you get that information. Now, what about the 88 105 mm howitzers?

Mr. STICK: The 88 105 mm howitzers cost \$1,457,646. The asterisk does not mean there is no payment which may be included in the \$46 million at the end of the page. Is that not right?

The WITNESS: That is right.

*By Mr. Drew:*

Q. I was referring to the 138 105 mm howitzers just above that item in relation to which it is shown that there is no payment.

Mr. STICK: But on the 88 105 mm howitzers there is nothing paid on that item.

*By Mr. Drew:*

Q. These steps are being taken, both by purchase from the United States government and by manufacturing in Canada, to supply a total requirement of 138 105 mm howitzers and 88 105 mm howitzers and 47 155 mm howitzers?—A. That is right.

Q. What field guns are on order?—A. Once again, let me say that within this list the 105 howitzers are the field guns.

Q. And there is no other field gun on order?—A. Well, the list is here, Mr. Drew.

The CHAIRMAN: The 155 mm howitzer is a field gun, and just a little below that item there are 3 similar items.

*By Mr. Drew:*

Q. There would be no other military weapons included in this, so there is no use in asking you about anti-tank guns. But let me ask you this question: is there any place where there is an order shown for anti-aircraft guns?—A. You will notice the last item on the list.

Q. On page 2?—A. Yes, still on page 2 you will see that the orders classified for security reasons amount to \$14,130,154.

Q. Yes.—A. As to all of which the expenditures against them are indicated as having been made in full.

Q. Yes.—A. The details are not available.

Q. Do you say that the details of that item include anti-aircraft guns?

Mr. CAMPNEY: The witness has said that they are classified for security reasons.

Mr. DREW: I would be curious to know why we are not entitled to learn what anti-aircraft guns there are.

Mr. GEORGE: Don't you think we should adjourn to study this?

Mr. MACDONNELL: Have we got or are we going to get figures as to the value of what is in hand apart from what we buy? Maybe that would cover the point.

The CHAIRMAN: The question has already been asked. He has been asked to provide that information.

Mr. MACDONNELL: That information could easily be given.

Mr. HENDERSON: Where is this Firestone Tire and Rubber Company? Is that in Canada or the United States?

The WITNESS: That is the Canadian company.

Mr. HENDERSON: The Magnovox Company is a Canadian company too?

The WITNESS: I would have to check that.

The CHAIRMAN: Subject to any instructions that the committee may give me, it is my own view that this will be the last meeting of this committee this year. The Prime Minister indicated that this committee would be called together at an early date in the ensuing session.

There were some thirteen or more questions asked by various members of the committee, all of them have been answered—some of them perhaps not fully answered but as well as could be done from the question that were asked. It is intended that they should be printed in the record, the record will be available for next year's committee. It is also hoped that the same members will be on the committee in the next session.

It may be valuable to this committee to read the record in the interval so we can commence functioning when the committee is called. The Prime Minister has indicated it will be called early. With that in mind I suggest that you now let us have questions that you should like answered. The departments will prepare the answers in the interval and have them available and ready when we return late in January or early in February.

Mr. DREW: We now have before us these lists which have just been prepared and we certainly could, with great advantage, ask further questions with regard to these when there has been an opportunity of examining them. I strongly urge that there be at least one more meeting and that meeting take place either tomorrow morning or on Saturday morning.

The discussion has several times come back to the fact that there should be time to read these over and examine them. I am quite prepared to admit with the session under way and with the present hours, there might be some suggestion that we could wait until Saturday morning; but I would certainly ask that we have a meeting on Saturday morning in any event so that further questions may be asked in regard to these details, simply for the purpose of clarification—recognizing that there may be some other questions that cannot be answered until a later date.

Mr. MACDONNELL: May I make a point? We have asked a lot of questions this morning and through no fault of anybody, they have been only partially answered and we have been left suspended in space. Mr. Mackenzie has been good enough to say that he can give us most of the remaining parts of those questions—

The CHAIRMAN: Let me say this. I am prepared, if the committee consents, to hold the record open up to the time the House closes and if anyone who has questions will send them in I will pass them on to the proper officials for answer.

Mr. DREW: Mr. Chairman, may I point this out? There are a number of unanswered questions and the statement has been made, or you have observed quite correctly, that these questions can only be answered by the Department of National Defence. Now we have had a statement placed before us this morning with information which does throw a great deal of light on the situation



but which requires amplification. Certain questions have been asked and the answers have been helpful. I will give a case as an example, the 75 millimetre rifles. That is a term describing 75 millimetre field guns or recoilless weapons. In this case, by questioning, we have received the information that these are recoilless rifles.

There are similar questions that could be asked and we have now asked certain questions of the deputy minister of Defence Production but there are others I would like to have asked. In any event, there are certain questions we passed over when we were told that the Department of National Defence could answer. We should at least have one more meeting so that the deputy minister of National Defence can answer the questions that have been asked. It seems apparent that he is the one who can give the answers and, for that reason, I move that when this committee adjourns it adjourn to meet at 10 o'clock Saturday morning or at whatever time Saturday morning the chairman may decide.

Mr. JONES: Would it be possible to get some idea of the amount spent on publicity and advertising for defence purposes?

The CHAIRMAN: Mr. Jones has asked questions, it is on the record, the officials have taken note of it, and it will be answered.

Mr. WRIGHT: I have a further question. Some of these figures are so obviously out of line that there must be some logical explanation. For instance, on page 4 we find Canadian Arsenals have a contract for 24,000 75 millimetre shells at a cost of \$11,580. The U.S. government has an order of 31,300 75 millimetre shells at an estimated cost of \$804,122.

Now, surely shells are something on which we have some idea of cost before we place the order—and the estimated costs. These figures to me at least appear ridiculous.

The WITNESS: I admit that on the face of it that looks as though it needed to be investigated. However, these figures were put together very hurriedly.

Mr. WRIGHT: What I want then, Mr. Chairman, is a comparison between the cost of the various weapons that we are producing in Canada, either at Sorel or at Canadian Arsenals Limited; and also the cost of those articles that we are purchasing in the United States or in other places.

The WITNESS: All right.

Mr. WRIGHT: I think we should have that information so we can have an intelligent discussion.

The CHAIRMAN: That will be provided.

Mr. CHURCHILL: Could we have the same comparative figures with regard to the American tank which apparently cost \$100,000 more than the British Centurion?

The CHAIRMAN: They are not similar tanks. We would have to have the same type of tanks in order to compare them.

Mr. CHURCHILL: The American Sherman tank and the Centurion are very much the same. I have been in the American tank and I have been in the Centurion and they are both what we call a medium tank.

The WITNESS: Mr. Chairman, may I say something? These figures which I supplied to you here should not be interpreted on a basis of comparing costs of relative pieces of equipment. If the committee want the relative cost of a piece of equipment then we will produce figures on the actual cost. That can be done. I was particularly careful to say in the early stages of today's sitting, and again to point out in reply to a question, that all I was trying to do here was attempting to show what types of equipment, what sort of things were on order. We were asked for the estimated value and we put in the estimated

value, but it becomes completely misleading if these values are divided by the numbers concerned and unit cost prices extracted therefrom.

Mr. CHURCHILL: Our terms of reference suggest that we should try to point out in particular what, if any, economies can be effected. It is fair to ask, is it not, Mr. Mackenzie, the difference in cost between the Centurion tank and the tank of American manufacture?

The CHAIRMAN: All the witness can do is to give you the cost and you will have to draw your own conclusions.

The WITNESS: I simply suggest that I am not denying information, I am not saying that this question should not be answered; but I say this list does not answer that question, it was not prepared for that purpose.

Mr. ADAMSON: Mr. Chairman, there is one question I would like to ask about that: does the department pay duty of any sort, customs duties of any sort?

The WITNESS: Yes, sir.

Mr. ADAMSON: I think that would be an interesting figure to have so we can know how much duty is paid on these items; if that could be given in a general way. The second question I would like to ask is: what items were of American type, what items were of British type and what items were of Canadian type, and are there any plans for the Centurion tank to be manufactured in Canada. Are all these items of American type or design?

The WITNESS: Oh, no sir; I did not say that.

Mr. ADAMSON: I know you did not say that; but the question I want to ask is: what proportion of these articles are of American type or United Kingdom type or Canadian type.

The CHAIRMAN: There is a motion to adjourn.

Mr. DREW: Just before you put that motion, might I ask one question for the purpose of convenience?

The CHAIRMAN: Yes.

Mr. DREW: I notice on page 2 of mimeographed documents, Mr. Mackenzie, there is a reference to rocket launchers. There are three items there referring to 3.5 inch rocket launchers. What exactly are those?

The WITNESS: I am told that those are bazookas, the instrument for launching anti-tank missiles.

The CHAIRMAN: That is an infantry anti-tank weapon.

Mr. DREW: Well then, that is one question that I want answered. How many of them have been delivered? Now, Mr. Chairman there is a motion before the committee, you have a motion before you that when we adjourn we adjourn to Saturday at an hour to be named by you.

The CHAIRMAN: Yes.

Mr. DREW: I simply want to say this before you put that motion. We have now been given the answer to a lot of these questions but I would like to point out that it would be impossible for Mr. Mackenzie to have the answers to some of these questions. For that reason I think we should at least have an opportunity of examining Mr. Drury who should be able to give us a simple explanation on many of these questions which Mr. Mackenzie has quite frankly said that he cannot give. In several cases he has had to turn to Mr. Drury to obtain the answer; so, for that reason, I do press my motion, and I hope it will be adopted so that at least we can get what information we can by way of explanation by meeting again on Saturday morning.



The CHAIRMAN: In fairness to this committee,—the amount of information that the committee has been supplied with is almost—somebody said stupendous—mountainous, is the term to use.

Mr. DREW: I thought you were going to say staggering, and it is staggering.

The CHAIRMAN: You are now obtaining information that no other committee ever had in its possession. The information is given freely, nothing is withheld; the information is placed on the table and the committee can use it as they see fit. They need an opportunity to digest it. They need an opportunity to study it. Every one of us is not as fully briefed on these matters, as Mr. Drew and some others, I say that in fairness—

Mr. DREW: I am not assuming any special knowledge. My digestion is sufficiently good; I will be ready on Saturday morning to ask questions which I think will be helpful.

The CHAIRMAN: As a matter of fact, we are very hopeful we won't be here on Saturday morning.

Mr. DREW: I think I would remove any hope of that kind.

Mr. JONES: Before you put the motion, Mr. Chairman, would it be possible for members of this committee to visit camps and other installations while on holidays?

The CHAIRMAN: Mr. Jones, I know nothing at all about that.

Mr. MACDOUGALL: Is that in the terms of reference?

The CHAIRMAN: We have not done enough work to really earn a trip, have we? I am merely being facetious.

Mr. DREW: There is one statement with which I am in entire agreement, that we have not done enough work.

Mr. WRIGHT: The question was asked, Mr. Chairman, so that any of the members who have these establishments in their constituencies, or who are visiting areas where they are, might have the opportunity to get some background with regard to carrying on their duties with regard to this committee when they meet again. The question was not asked in the sense that the government pay our expenses.

The CHAIRMAN: I did not suggest that. I was facetious, and I hope Mr. Jones and others so understand it. Mr. Drury tells me he will be more than happy to extend facilities to any member who happens to be in an area where there are installations. If a member is in the locality and wants to see some of the installations, Mr. Drury will extend him every facility.

Mr. DREW: Just so that we do not have any argument on procedure, may I, for the purpose of the record, state my motion: I move that when we adjourn we stand adjourned until a time on Saturday morning to be designated by the chairman, and that a recorded vote be taken on this motion.

The CHAIRMAN: You have heard the motion. All those in favour say yes, and those opposed say no.

The motion is lost. May I just say this: First, I wish to thank you for your very excellent attendance and diligence at these meetings. I wish also to thank the departments for their co-operation, both the Department of National Defence and the Department of Defence Production, and Mr. Drury and Mr. Mackenzie.

I said that if any of you have any questions that you wish the departments to answer I will see that the record is kept open until Saturday. I do not think I can keep it open any longer. In that way we will have prepared answers for some of your questions when we return here late in January or early in February.

Mr. McILRAITH: Just before we leave, Mr. Chairman, this committee ends as such with the end of the session, but it is intended, I take it, to continue it—



there is no doubt about that. That being so, do we put in any kind of report? I presume any such report would be that we recommend this committee be reconstituted at the next session.

The CHAIRMAN: I read to the committee the Prime Minister's words, He said when the committee was set up that it could be set up again at an early date in the ensuing year.

Mr. McILRAITH: I just wanted that to be clear.

Mr. DREW: In view of the fact that we all recognize that this is simply a preliminary basis for further examinations, there is no necessity to present a report. The figures speak for themselves as to what we have had before us. May I join in what has been said about the department which has prepared the material. But I do wish to leave no doubt with you that I feel that the officials of the department have co-operated with the committee in preparing this information.

Mr. McILRAITH: My sole purpose in raising the point was to have it on the record that the members are aware of the fact that no report is expected.

The CHAIRMAN: Thank you very much, gentlemen.

APPENDIX I  
DEPARTMENT OF NATIONAL DEFENCE

(Requested by Mr. Wright)

Subject: Barracks and Messes Contracted for by Armed Forces since April 1, 1950, by Location, Showing numbers and type and Total and Per Capita Cost.  
(The figures shown represent building costs only; no services or utilities included)

NAVY—RATINGS BARRACKS (CLASS I)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Dartmouth.....	1 Ratings	11- 4-51	2,683,437	760		Barrack, Messing and Recreation facilities under one roof.
Halifax.....	1 Ratings	20- 9-49	1,845,617	800		Barrack, Messing nad Recreation facilities under one roof.
TOTAL.....	2 Ratings		4,529,054	780	2,919 av.	

ARMY—OTHER RANKS BARRACKS (250-MAN)

Barriefield, Ont.....	2 Cl I	28-12-50	1,074,872	250		
Barriefield, Ont.....	1 Cl I	7- 7-51	610,775	250		
Calgary, Alberta.....	1 Cl I	21- 7-50	499,200	250		
Camp Borden, Ontario.....	1 Cl I	21-11-50	583,210	250		
Camp Borden, Ontario.....	1 Cl I	20-12-50	609,316	250		
Camp Borden, Ontario.....	1 Cl I	4-10-51	663,339	250		
Camp Borden, Ontario.....	1 Cl I	7-11-51	663,339	250		
Chilliwack, British Columbia.....	1 Cl I	28- 9-50	482,493	250		
London, Ontario.....	1 Cl I	1-11-51	630,097	250		
Petawawa, Ontario.....	1 Cl I	12- 1-51	555,079	250		
Picton, Ontario.....	1 Cl I	9-10-51	641,145	250		
St. Jean, Quebec.....	1 Cl I	22-10-51	555,124	250		
Shilo, Manitoba.....	2 Cl I	21-12-50	1,646,630	250		
TOTAL.....	15 Cl I		9,214,619	250	2,457 av.	

## ARMY—OTHER RANKS BARRACKS (212 MAN)

Calgary, Alberta.....	1 C I	9-7-51	566,078	212	
Calgary, Alberta.....	1 C I	6-2-51	544,705	212	
TOTAL.....	2 C I		1,110,783		2,619

## ARMY—OTHER RANKS BARRACKS (180 MAN)

Chilliwack, British Columbia.....	1 C I	12-1-51	434,335	180	
Petawawa, Ontario.....	1 C I	23-8-50	377,713	180	
Petawawa, Ontario.....	1 C I	12-1-51	504,893	180	
Pictou, Ontario.....	1 C I	9-10-51	377,255	180	
Shilo, Manitoba.....	2 C I	6-9-51	1,154,282	180	
Victoria, British Columbia.....	1 C I	17-10-51	454,488	180	
TOTAL.....	7 C I		3,203,936	180	2,543 av.

## ARMY—OTHER RANKS BARRACKS (SPECIALS)

Quebec, Quebec.....	1 C I	6-12-50	233,049	100	
Whitehorse, Yukon Territory.....	1 C I	24-11-50	619,792	166	
Wainwright, Alberta.....	1 semi-permanent	5-9-51	165,890	228	
TOTAL.....	3		1,018,731	185 av.	2,062 av.

## ARMY—OFFICERS QUARTERS

Wainwright, Alberta.....	2 semi-permanent	19-4-51	169,098	50	1,691
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## AIR—OTHER RANKS BARRACKS (180 MAN)

LOCATION	Number of Units and Type	Date of Award	Total Cost.	Personnel Capacity	Per Capita Cost	REMARKS
Camp Borden.....	2 C I I	9- 6-51	984,468	180		
St. Hubert.....	1 C I I	11- 5-51	370,500	180		
St. Hubert.....	1 C I I	14-11-51	458,882	180		
Winnipeg.....	2 C I I	25- 5-51	709,142	180		
TOTAL.....	6 C I I		2,522,992	180	2,336 av.	

## AIR—OTHER RANKS BARRACKS (180 MAN)

Bagotville.....	1 C I I	14- 5-51	355,700	180		
Clinton.....	1 C I I	19- 1-51	387,771	180		
Clinton.....	2 C I I	30- 4-51	774,100	180		
Moose Jaw.....	4 C I I	10- 5-51	1,466,032	180		
North Bay.....	2 C I I	26- 4-51	837,288	180		
Penhold.....	2 C I I	1- 5-51	782,046	180		
TOTAL.....	12 C I I		4,602,937	180	2,131 av.	

## AIR—OTHER RANKS BARRACKS (252 MAN)

Camp Borden.....	4 C I I	9- 6-51	2,614,656	252		
Winnipeg.....	2 C I I	25- 5-51	956,183	252		
TOTAL.....	6 C I I		3,570,839	252	2,369 av.	

## AIR—OTHER RANKS BARRACKS (252 MAN)

Bagotville.....	1 CII	15- 3-51	461,090	252	
Centralia.....	1 CII	7- 3-51	506,988	252	
Penhold.....	1 CII	24- 1-51	529,622	252	
Saskatoon.....	1 CII	26- 4-51	488,360	252	
TOTAL.....	4 CII		1,986,060	252	1,970 av.

## AIR—NCO QUARTERS (30 MAN)

Bagotville, P.Q.....	2 CII	4- 5-51	236,200	30	
North Bay, Ont.....	2 CII	26- 4-51	354,686	30	
Portage la Prairie, Man.....	1 CII	18- 4-51	134,609	30	
TOTAL.....	5 CII		725,495	30	4,836 av.

## AIR—NCO QUARTERS (60 MAN)

Camp Borden, Ont.....	2 CI	14- 5-51	581,070	60	
St. Hubert, P.Q.....	1 CI	11- 5-51	225,225	60	
TOTAL.....	3 CI		806,295	60	4,479 av.

## AIR—NCO QUARTERS (60 MAN)

Chatham, N.B.....	1 CII	10- 5-51	201,300	60	
Clinton, Ont.....	1 CII	30- 4-51	198,326	60	
Moose Jaw, Sask.....	1 CII	10- 5-51	186,364	60	
Penhold, Alta.....	1 CII	1- 5-51	202,804	60	
TOTAL.....	4 CII		788,794	60	3,286 av.

## AIR—OFFICERS QUARTERS (30 MAN)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
St. Hubert.....	1 Cl I	11- 5-51	155,325	30		
Winnipeg.....	1 Cl I	25- 5-51	159,649	30		
TOTAL.....	2 Cl I		314,974	30	5,266 av.	

## AIR—OFFICERS QUARTERS (30 MAN)

Bagotville.....	1 Cl II	14- 5-51	118,100	30		
Centralia.....	1 Cl II	19- 4-51	141,655	30		
Moose Jaw.....	1 Cl II	10- 5-51	126,802	30		
North Bay.....	1 Cl II	26- 4-51	177,343	30		
TOTAL.....	4 Cl II		563,900	30	4,689 av.	

## AIR—OFFICERS QUARTERS (60 MAN)

St. Hubert.....	2 Cl I	11- 5-51	450,450	60		
Trenton.....	1 Cl I	1-11-51	325,657	60		
Winnipeg.....	1 Cl I	25- 5-51	234,454	60		
TOTAL.....	4 Cl I		1,010,561	60	4,210 av.	

## AIR—OFFICERS QUARTERS (60 MAN)

Bagotville.....	1 Cl II	14- 5-51	168,900	60		
Centralia.....	1 Cl II	19- 4-51	203,082	60		
Chatham.....	2 Cl II	10- 5-51	402,000	60		
Clinton.....	3 Cl II	30- 4-51	594,978	60		
Comox.....	2 Cl II	5- 9-51	408,092	60		
Moose Jaw.....	2 Cl II	10- 5-51	371,596	60		
North Bay.....	1 Cl II	26- 4-51	272,396	60		
Penhold.....	2 Cl II	1- 5-51	405,608	60		
Saskatoon.....	1 Cl II	26- 4-51	190,582	60		
TOTAL.....	15 Cl II		3,017,234	60	3,353 av.	



## ARMY—OTHER RANKS MESSES

		3-8-51	207,900	500	
Barrie field.....	1 Cl I	6-2-51	215,221	500	
Calgary.....	1 Cl I	29-12-50	218,900	500	
Camp Borden.....	1 Cl I	1-8-51	203,734	500	
Camp Borden.....	1 Cl I	9-8-50	141,339	500	
Chilliwack.....	1 Cl I	12-1-51	222,814	500	
Petawawa.....	1 Cl I	20-7-51	237,361	500	
Petawawa.....	1 Cl I	22-10-51	220,510	500	
St. Jean, P.Q.....	1 Cl I	9-10-51	216,500	500	
Pictou.....	1 Cl I	21-12-50	179,885	500	
Shilo.....	1 Cl I	21-12-50	185,885	500	
Shilo.....	1 Cl I	17-10-51	205,525	500	
Victoria.....	1 Cl I	11-7-51	366,840	500	
Whitehorse.....	1 Cl I				
TOTAL.....	13 Cl I		2,822,414	500 av.	434 av.

Heating plant included

## AIR—OTHER RANKS MESSES

		23-11-51	553,788	1,000	
Camp Borden.....	1 Cl I	15-11-51	521,698	1,000	554
Clinton.....	1 Cl II				522

## AIR—COMBINED MESSES

		30-3-51	404,999	*390	1,038	* Capacity: O-Off, 130-NCO, 260-OR Kitchen Capacity—1,000
St. Hubert.....	1 Cl I*	13-3-51	453,400	*390		
Bagotville.....	1 Cl II*	29-2-51	445,221	390		
Chatham.....	1 Cl II	10-5-51	434,397	390		
Moose Jaw.....	1 Cl II	2-2-51	522,263	390		
North Bay.....	1 Cl II	26-4-51	411,374	390		
Penhold.....	1 Cl II	19-5-51	439,023	390		
Saskatoon.....	1 Cl II					
TOTAL.....	6 Cl II		2,705,678	390	1,156 av.	

## AIR—OFFICERS' MESSES

		4-5-51	218,100	75-150	
Bagotville.....	1 Cl II	10-5-51	253,400	75-150	
Chatham.....	1 Cl II	27-4-51	272,266	75-150	
North Bay.....	1 Cl II				
TOTAL.....	3 Cl II		743,766	75-150	1,653 av.

**APPENDIX M**  
DEPARTMENT OF NATIONAL DEFENCE

Document CDE/DND.....  
December 13, 1951.

Subject: Department of National Defence—Land and Buildings purchased from April 1, 1950 to October 31, 1951 and Leases of Land and Buildings in force at Dec. 1, 1951.

PART 1.—LAND AND BUILDINGS PURCHASED FROM APRIL 1, 1950 TO OCTOBER 31, 1951

Location	Service	Purchase Price		From Whom Purchased	Date of Purchase	Purpose
		\$	cts.			
NEWFOUNDLAND— St. John's..... Corner Brook.....	Navy..... Army.....	130,000 00 1 00		Prop. of McLea Est..... Bowaters' Paper Mills.....	Oct 7/50 May 16/50	Joint Service Headquarters for Province. Dismantling, transporting and re-erection of a hangar.
PRINCE EDWARD ISLAND— Summerside.....	Air.....	1,500 00 2,200 00		K. Mills..... E. Mills.....	Feb 21/51 Feb 21/51	Radio Site Radio Site
NOVA SCOTIA— Greenwood..... Hammond Plains.....	Air..... Army.....	500 00 100 00 937 50 1,320 00 224 00 2,277 50 105 00 144 00 1,000 00		J. Dolliver..... D. Dolliver..... J. Thomas..... M. Eisenhauer..... F. Thomas..... B. & A. Thomson..... L. & W. Haverstock..... G. Corkum & wife..... M. Patterson.....	Sep 1/51 Sep 1/51 June 21/50 June 23/50 Jan 8/51 Jan 23/51 Aug 8/50 Sep 12/50 Sep 11/50	Radio Site. Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site Rifle Range Rifle Range
Loch Broom.....	Army.....					

NEW BRUNSWICK—  
Chatham.....

Air.....	175 00	J. Foley.....	Dec 16/50	Railroad Siding
	126 00	D. Elkin.....	Dec 16/50	Railroad Siding
	57 00	T. Phalen.....	Dec 16/50	Railroad Siding
	100 00	J. Vanstone.....	Dec 16/50	Railroad Siding
	50 00	W. Delaney.....	Dec 16/50	Railroad Siding
	104 00	H. White.....	Dec 16/50	Railroad Siding
	59 00	S. Jardine.....	Dec 16/50	Railroad Siding
	1,200 00	C. Breau.....	Oct 23/50	Runway Extension
	324 00	St. Thomas College.....	Oct 23/50	Runway Extension
	100 00	N. Maher.....	Oct 23/50	Runway Extension
	1,035 00	J. Gordon.....	Oct 23/50	Runway Extension
	78 00	M. Keating.....	Oct 23/50	Runway Extension
	102 00	J. Jardine.....	Oct 23/50	Runway Extension
	488 00	R. Pyne.....	Oct 23/50	Runway Extension
	20 00	Mrs. J. Connors.....	Oct 23/50	Runway Extension
	720 00	W. Lane.....	Oct 23/50	Runway Extension
	832 00	J. S. Wrigley.....	Oct 23/50	Runway Extension
	967 00	S. Hay.....	Oct 23/50	Runway Extension
	964 00	J. Hay.....	Oct 23/50	Runway Extension
	325 00	Mrs. J. Simpson.....	Oct 23/50	Runway Extension
	1,000 00	Sisters of Hotel Dieu.....	Oct 23/50	Runway Extension
	150 00	E. Kelly.....	Oct 23/50	Runway Extension
	548 00	J. Thompson.....	Oct 23/50	Runway Extension
	13,500 00	J. Flynn.....	Oct 23/50	Runway Extension
	270 00	Municipality of Northumberland.....	Oct 23/50	Runway Extension
	11,000 00	J. Keating.....	Oct 23/50	Runway Extension
	1,000 00	W. Traer.....	Oct 23/50	Runway Extension
	8,000 00	D. McLean.....	Oct 23/50	Runway Extension
	2,122 00	St. Thomas College.....	Oct 23/50	Runway Extension
	5,000 00	J. J. Hackett.....	Oct 23/50	Runway Extension
	100 00	J. H. MacDonald.....	Oct 23/50	Runway Extension
	Not settled	Expropriated.....	Jan 5/51	Permanent Married Quarters
	4,000 00	J. G. Ayles.....	Jan 5/51	Permanent Married Quarters
	775 00	D. & A. Steves.....	Dec 16/50	Permanent Married Quarters
	237 50	E. Matthews.....	April 6/51	Radio Site
	1 35	John W. Steeves.....	May 7/51	Homing Beacon
	237 50	Z. Steeves.....	May 14/51	Radio Site
	225,00 00	Atlantic Wholesalers Ltd.....	Nov 1/50	Radio Site
			June 6/50	Additional Land for Rifle Range
			May 30/50	Additional Land for Rifle Range
			June 6/50	Additional Land for Rifle Range
			June 6/50	Additional Land for Rifle Range
			Jan 30/51	Building to be converted to Armoury
Frederickton.....				
Gunningsville.....				
Moncton.....				
St. John.....				
Quebec—				
Bagerville.....	Not settled	J. Bouchard.....	Feb 12/51	Sewage Disposal
Farnham.....	500 00	A. Delorme.....	Apr 16/51	Exchange of Land
Lac St. Joseph.....	1,500 00	M. Clement.....	May 15/50	Radio Site
	3,000 00	J. E. Seale.....	May 15/50	Radio Site
	5,800 00	C. Raymond.....	May 15/50	Radio Site
	1,100 00	O. Tontini.....	Feb 23/51	Radio Site
	1,500 00	G. Cox.....	Feb 23/51	Radio Site



Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
QUEBEC—		\$	cts.		
	LaSalle.....	200,000 00	LaSalle Land Co. in Liquidation.....	Dec 13/50	Stores Development
	Mont Joli.....	14,800 00	P. Roussel.....	Sep 29/50	Flight Clearance
	Montreal.....	3,700 00	J. Cadieux.....	June 30/50	Parade Ground
		75,000 00	St. Alban's Parish.....	June 28/51	Armoury
	New Richmond.....	3,000 00	School Comms.....	Aug 23/50	Erection of Quonset hut
	Quebec.....	15,000 00	A. Ferrault.....	Aug 8/51	Inspection Board
	Quebec.....	175,000 00	Bell Telephone Co.....	May 2/51	Office Accommodation
		Not settled	Various owners.....	Sep 21/51	Married Quarters
	St. Hubert.....	Not settled	P. Brosseau.....	June 16/50	Married Quarters. Per
		27,300 00	F. Charron.....	July 11/50	Runway Extension
		23,200 00	M. Bouthillier.....	July 11/50	Runway Extension
		38,878 00	R. Charron.....	July 11/50	Runway Extension
		9,000 00	C. Marcel.....	Aug 13/51	Runway Extension
St. Hubert.....		18,500 00	O. Dubue.....	Aug 13/51	Runway Extension
		Not settled	Owner Unknown.....	Nov 18/50	Station Development
	Sherbrooke.....	4,800 00	Henry McBain.....	Nov 9/50	Tank Training Area
	Sherbrooke.....	75,000 00	T. Bryant, Ltd.....	Aug 13/51	Office accommodation
ONTARIO—					
	Almonte.....	9,000 00	Estate of Robert Patterson.....	Sep 7/50	Armoury
	Cedar Springs.....	3,400 00	J. McLachlan.....	May 15/50	Construct Rifle Range
		1,400 00	C. S. Eberts.....	May 26/50	Construct Rifle Range
		6,000 00	S. A. Curtis.....	May 27/50	Construct Rifle Range
		14,000 00	A. & J. Hebblethwaite.....	May 27/50	Construct Rifle Range
		12,500 00	M. F. Nichols.....	May 12/50	Construct Rifle Range
		50 00	V. G. McGuigan.....	May 13/50	Construct Rifle Range
	Centralia.....	325 00	J. Reeder.....	Nov 24/50	Drainage Ditch
		5,650 00	J. & H. Hunter.....	May 22/51	Radio Site
	Centralia.....	1,240 00	H. & M. Hirtzel.....	Dec 12/50	Radio Site
	Clinton.....	2,875 00	J. Clegg.....	Apr 25/51	Additional Building
		500 00	E. O'Brien.....	Apr 25/51	Additional Building
	Cobourg.....	1 00	Town of Cobourg.....	June 5/51	Ordnance Depot
Downsview.....		Not settled	S. Boske.....	July 24/50	Airdrome Expansion
		Not settled	G. Jackson.....	July 24/50	Airdrome Expansion
		325,000 00	Dufferin Const. Co.....	Deed not rec'd	Flightway Clearance
		75,000 00	J. Franceschini.....	Deed not rec'd	Flightway Clearance

Downsview.....	Air.....	Not settled Not settled Not settled Not settled	F. & C. Hubert. Various, lots in Township of York..... City of Toronto..... L. Lloyd..... Lots in Township of York, private individuals	July 24/50 Oct 19/50 Sep 29/50 Jan 8/51 Mar 24/51	Airdrome Expansion Flightway Clearance Airdrome Expansion Airdrome Expansion Airdrome Expansion
Edgar.....	Air.....	13,500 00 900 00 1,350 00 350 00 850 00 575 00 3,000 00 Not settled	Laura Price..... J. Bertram..... R. Healey..... P. J. Shannahan..... H. Mackay..... City of Simcoe..... L. Labrie..... E. Demore..... R. Dubeau..... Province of Ont..... Keyes-Green Investors..... W. O'Connor..... W. Gallagher..... A. Holly..... J. O'Connor..... G. & H. Granzie.....	Aug 1/51 Sep 30/50 Sep 30/50 Sep 30/50 Oct 23/50 Sep 30/50 May 11/51 May 11/51 May 11/51 May 11/51 May 15/50 Nov 8/50 Nov 8/50 Nov 8/50 Nov 8/50 Jan 4/51 Jan 22/51	Airdrome Expansion Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site Gunshed and Garage Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site
Falconbridge.....	Air.....	400 00 3,500 00 3,500 00 100 00 210 00 400 00 3,050 00	Province of Ont..... Keyes-Green Investors..... W. O'Connor..... W. Gallagher..... A. Holly..... J. O'Connor..... G. & H. Granzie.....	Nov 8/50 Nov 8/50 Nov 8/50 Nov 8/50 Nov 8/50 Nov 8/50 Nov 8/50	Gunshed and Garage Radio Site Radio Site Radio Site Radio Site Radio Site Radio Site
Fort Francis. Foymount.....	Army..... Air.....	3,500 00 3,500 00	Keyes-Green Investors..... W. O'Connor.....	Nov 8/50 Nov 8/50	Gunshed and Garage Radio Site
Gananoque. Goderich..... Kitchen..... Leitrim..... London..... Long Branch..... North Bay.....	Army..... Army..... Army..... Army..... Army..... Army..... Air.....	1,500 00 1 00 5,062 42 137 50 30,000 00 68,320 00 12,000 00 1,600 00 5,000 00 10,500 00 3,250 00 3,000 00 4,500 00 1,500 00 7,000 00 900 00 1,400 00 1,520 00 1,000 00 1,800 00 5,000 00 1,132 00 2,875 00 1,500 00 125 00 700 00 2,100 00 4,500 00	Expropriated..... Town of Goderich..... City of Kitchen..... M. A. McAllister..... The Medway Properties Limited..... Belle Ayre Dev't Co..... W. Carmichael..... C. H. Dennison..... J. Novakuski..... J. St. Pierre..... A. St. Pierre..... B. C. Hough..... A. St. Pierre..... L. & M. Hay..... A. Blaine..... C. & B. Acres..... L. Acres..... L. & E. Carlyle..... G. & H. Carlyle..... J. Cameron..... E. & H. Dockstead..... E. & H. Dockstead..... A. Kerr..... S. W. Kerr..... J. J. Kerr..... R. & R. Porteous..... A. St. Pierre & H. Rozen..... O. J. St. Pierre.....	Oct 2/50 Jan 15/51 Jan 13/50 June 24/50 Oct 3/50 Dec 28/50 Nov 21/50 Aug 27/51 Sep 19/51 June 23/51	Tracked Driving Area Armoury Armoury Additional land for Masts. Married Quarters Ordnance Depot Married Quarters Transmitter Site Runway Extension Range
Winchester.....	Air.....				

Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
<b>ONTARIO—Continued</b>					
Ottawa.....	Army.....	Not settled	Ottawa School Board.....	Apr 17/51	Reserve Force Accommodation
Ottawa.....	Air.....	43,000 00	Expropriation.....	Apr 17/51	Reserve Force Accommodation
		16,500 00	Branson Co.....	Aug 16/51	Building Area
		40,000 00	J. Omanique.....	Feb 2/51	Purchase of Building
Pictou.....	Army.....	16,500 00	W. Thompson.....	Oct /51	Building Area
Point Petre.....	Army.....	36,980 00	Expropriation.....	Apr 17/50	Married Quarters
		1,238 00	G. & C. McCaw.....	Aug 2/51	Anti-Aircraft Range
		2,000 00	W. C. Haggerty.....	Aug 29/51	Anti-Aircraft Range
		1,000 00	Nelson Moore.....	Aug 10/51	Anti-Aircraft Range
		1,000 00	J. G. Walker.....	Aug 2/51	Anti-Aircraft Range
		2,055 00	G. Wood.....	Aug 2/51	Anti-Aircraft Range
		2,975 00	W. M. Walmsley.....	Aug 2/51	Anti-Aircraft Range
		4,871 00	P. Collier.....	Aug 10/51	Anti-Aircraft Range
		5,250 00	F. Frost.....	Aug 2/51	Anti-Aircraft Range
		1,245 00	H. Wood.....	Aug 2/51	Anti-Aircraft Range
		4,000 00	G. Rose.....	Aug 2/51	Anti-Aircraft Range
		4,395 00	A. D. Collier.....	Aug 10/51	Anti-Aircraft Range
		1,695 00	C. Bartman.....	Aug 10/51	Anti-Aircraft Range
		975 00	A. McCrimmon.....	Aug 2/51	Anti-Aircraft Range
		1,125 00	W. F. Demore.....	Aug 29/51	Anti-Aircraft Range
Ramsayville.....	Navy.....	2,500 00	W. O. Striker.....	Aug 2/51	Anti-Aircraft Range
Rockliffe.....	Air.....	Not settled	Owners Unknown.....	July 24/50	Naval Experimental Station
St. Mary's.....	Army.....	1 00	Town of St. Mary's.....	Dec 9/50	Flightway Clearance
Toronto.....	Army.....	30,000 00	R. Roy.....	June 28/50	Armoury
		1,500 00	Victaulic Co.....	Nov 13/50	Parking Lot
Woodbridge.....	Army.....	Not settled	Various owners.....	Dec 6/50	Parking Lot
Trenton.....	Air.....	2,295 00	F. M. Reid.....	Oct 11/50	Radio Site
Uplands.....	Air.....	1,359,288 00	Various owners.....	Sept 7/50	Airdrome Expansion
<b>MANTOBA—</b>					
MacDonald.....	Air.....	Not settled	Owners Unknown.....	Oct 18/51	Airdrome Expansion
Rivers.....	Air.....	Not settled	V. Smythe.....	Aug 29/50	Water supply line
Stevenson Field.....	Air.....	2,600 00	H. Smith.....	Apr 30/51	Building Area
		4,541 00	P. Tarapsky.....	Apr 30/51	Building Area
		4,565 00	A. Trotter.....	Apr 30/51	Building Area
		2,200 00	T. Clarke.....	Apr 30/51	Building Area
		4,790 00	W. Dutka.....	Apr 30/51	Building Area
		4,400 00	F. Courtney.....	Apr 30/51	Building Area
		5,500 00	R. & R. King.....	Apr 30/51	Building Area
		3,800 00	Municipality of St. James.....	Apr 30/51	Building Area
		23,760 00			



MANTOBA— Virden..... Winnipeg..... Winnipeg.....	Army.....	6,000 00	Estate of H. Hoover.....	May 11/50	Temporary Transport Garage
	Army.....	7,016 77	City of Winnipeg.....	Oct 12/50	Parade Ground and Sports Field
	Air.....	75,456 11	City of Winnipeg.....	July 19/50	Station Development
		720 00	W. Rodgers.....	Apr 10-50	Radio Site
		6,300 00	J. V. Weir.....	Apr 10/50	Radio Site
		65 00	Estate of D. Oxley.....	Apr 10/50	Radio Site
		65 00	C. M. Brown.....	Apr 10/50	Radio Site
		2,677 00	A. Cameron.....	Apr 10/50	Radio Site
		750 00	Municipality of Assiniboia.....	Apr 10/50	Radio Site
SASKATCHEWAN— Aneroid..... Moose Jaw.....	Army.....	3,800 00	C. Dougherty.....	Oct. 31/50	Reserve Force Accommodation
	Air.....	Not settled		Oct 17/51	Married Quarters
ALBERTA— Calgary..... Edmonton..... Edmonton..... Edmonton..... Edmonton.....	Air.....	9,000 00	F. S. Sanderson.....	Nov 13/50	Married Quarters
	Navy.....	7,000 00	Navy League of Canada.....	Aug 13/51	Boathouse and Jetty for Naval Reserve
		3,000 00	City of Edmonton.....	July 3/50	Expansion of Naval Division
	Army.....	38,500 00	A. Bloomey.....	Sep 1/51	Additional land for new depot area
		250 00	J. Grant.....	Sep 7/52	Radio Site
		4,342 00	F. Rustemelt.....	Sep 7/50	Radio Site
		200 00	E. Yeake.....	Sep 7/50	Radio Site
		24,000 00	J. Wall.....	Apr 29/50	Radio Site
		100 00	A. D. Carruthers.....	Sep 7/50	Radio Site
		200 00	Edmonton Fur Sales.....	Nov 24/50	Radio Site
Fort Chipewyan..... Lethbridge..... Namao..... Strathmore..... Waburnun.....	Army.....	200 00	Edmonton Fur Sales.....	June 22/51	Armoury
	Army.....	1,500 00	Provincial Marketing Board.....	Aug 16/51	Aerodrome Expansion
	Air.....	Not settled	Owner unknown.....	Feb 21/51	Flight Clearance
		10,000 00	Mr. Kobasiuk.....	Sep 26/51	Armoury
		1 00	Department of Citizenship & Immigration for Paul's Band of Indians	Jan 12/51	Summer Camp Site
BRITISH COLUMBIA— Chilliwack..... Coquitlam..... Esquimalt..... Kamloops.....	Army.....	2,400 00	F. W. Ingham.....	Jan 9/51	Right of Way
	Army.....	192,000 00	Expropriation.....	Aug 9/51	Warehouse Site
	Navy.....	30,000 00	Jessie Murial St.....	May 20/51	Permanent Married Quarters
			Clair Keith.....		
	Navy.....	100 00	City of Kamloops.....	Dec 10/50	Naval Magazine Site
		25 00	Eva E. Power.....	Dec 10/50	Naval Magazine Site
		2,201 00	Province of British Columbia.....	May 15/50	Naval Magazine Site
		600 00	Eva E. Power.....	Jan 12/51	Naval Magazine Site
		1,000 00	City of Kamloops.....	Jan 18/51	Naval Magazine Site
		400 00	D. Bowers & G. Bowers.....	May 1/51	Naval Magazine Site

## SPECIAL COMMITTEE

Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
BRITISH COLUMBIA— Masset..... Mission..... Nanoose Bay-Vancouver Island..... Rocky Point, Metchosin District..... Vancouver Island.....	Navy.....	\$ 3,000 00	Buckley Securities Ltd.....	Jan 2/51	Radio Site
	Army.....	900 00	J. Turner & E. MacFadden.....	July 6/51	Parking Space
	Navy.....	75,000 00	A. Johnstone.....	Aug 15/51	Training Site
		35,000 00	W. Keller.....	Aug 30/51	Naval Magazine
		8,000 00	C. & K. Wood.....	Aug 30/51	Naval Magazine
		10,500 00	N. Cann.....	Aug 30/51	Naval Magazine
		27,550 00	A. C. Burdick.....	Aug 30/51	Naval Magazine
		65,000 00	David Hunter Miller.....	Aug 30/51	Naval Magazine
		7,000 00	V. Lunt.....	Aug 30/51	Naval Magazine
		5,500 00	A. Brownlee.....	Aug 30/51	Naval Magazine
		3,000 00	Dorothy Parker.....	Aug 30/51	Naval Magazine
		35,000 00	A. & D. Parker.....	Aug 30/51	Naval Magazine
		12,100 00	Miss K. Johnson.....	Aug 30/51	Naval Magazine
		4,750 00	J. MacKenzie.....	Aug 30/51	Naval Magazine
		1,665 00	J. B. Edwards.....	Aug 30/51	Naval Magazine
		1,665 00	C. Foster.....	Aug 30/51	Naval Magazine
		11,000 00	Dr. Brock Chisholm.....	Aug 30/51	Naval Magazine
		11,000 00	C. McClosky.....	Aug 30/51	Naval Magazine
		5,500 00	G. Davey.....	Aug 30/51	Naval Magazine
Trail..... Victoria.....	Army.....	11,000 00	Veteran's Land Act.....	Aug 30/51	Naval Magazine
		5,700 00	P. Davidson.....	Aug 30/51	Naval Magazine
		28,500 00	W. & W. Haolland.....	Aug 30/51	Naval Magazine
		4,750 00	Russell Hemsworth.....	Aug 30/51	Naval Magazine
		150 00	C. & C. Ball.....	Aug 30/51	Naval Magazine
		24,700 00	Rettick.....	Oct 31/51	Naval Magazine
		8,000 00	Rotary Club of Trail.....	July 28/50	Armoury
		105,000 00	F. Begg.....	June 27/51	Reserve HQ
YUKON TERRITORIES— Aklavik..... Dawson.....	Navy.....	4,000 00	Hudson's Bay Co.....	Nov 16/51	House on skids
		6,000 00	Kenneth Anderis.....	Apr 4/51	Lots with house and shed
	Army.....	100 00	Edwin Low.....	May 11/51	Married Quarters
		4,000 00	A. C. Duncan.....	Apr 6/51	Married Quarters
		4,400 00	E. Fournier and Veteran's Land Act.....	May 14/51	Married Quarters
Alaska Highway, Mile 1167.....		4,500 00	H. Wunen.....	Apr 6/51	Married Quarters
		3,200 00	M. McCuaig.....	Apr 6/51	Married Quarters
		8,500 00	K. O'Harra.....	Apr 5/51	Maintenance Camp
OUTSIDE CANADA— ENGLAND— London.....		£24,000 00	Southcourt Ltd.....	Jan 12/51	Office Accommodation

## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
NEWFOUNDLAND— Grand Falls.....	Army	1 00	7 Feb	50	99 years	Armoury Site
PRINCE EDWARD ISLAND—						
Charlottetown.....	Army	180 00	1 Apr	48	Yearly	COTC Accn
Montague.....	Army	750 00	1 Mar	51	1 year	Armoury Accn for RF
Souris.....	Army	360 00	1 May	48	5 years	Armoury for RF
NOVA SCOTIA—						
Amherst.....	Army	20 00	1 Apr	40	15 years	Rifle Range Site
Bridgetown.....	Army	2,400 00	1 Apr	51	1 year	Armoury Accn for RF
Chebucto Bty.....	Army	5 00	1 Oct	42	Yearly	Bty Site
	Army	10 00	1 Oct	42	Yearly	Bty Site and R/W
Church Point.....	Army	250 00	1 Apr	48	Yearly	COTC Accn
Dartmouth.....	Army	600 00	1 Apr	49	Yearly	Armoury Accn for RF
Debert.....	Army	154 76	15 May	41	Yearly	Railway Siding
		94 77	1 Dec	49	Yearly	Railway Siding
		16 00	15 Aug	40	Yearly	Site for Ordnance Bldg.
Deep Brook.....	Navy	1 00	1 Oct	43	21 years	Site for Naval Railway Station
Flandrum.....	Army	1 00	12 Mar	42	Yearly	FOP Site
Glace Bay.....	Army	10 00	1 Mar	48	Yearly	Site for RF Bldg.
	Army	1,656 00	15 Sep	51	1 year	Armoury RF
	Army	720 00	1 Jul	51	1 year	Garage RF
Halifax.....	Army	500 00	1 Apr	49	Yearly	COTC Accn
		174 78	1 Jan	49	Yearly	Rly Siding—Willow Park
		74 83	1 Jan	44	Yearly	Rly Siding—Willow Park
		76 42	1 Dec	42	Yearly	Rly Siding—Willow Park
		41 90	2 Jul	42	Yearly	Siding for RCE Stores
Halifax.....	Army	752 50	1 Apr	48	Yearly	COTC Accn
		10 00	1 Apr	48	Yearly	COTC Accn
	Navy	360 00	28 Dec	44	Month to month	Site for Parking Naval Vehicles
Lunenburg.....	Army	50 00	1 Jul	51	1 year	Rifle Range Site
	Army	100 00	1 Jul	51	1 year	Rifle Range Site
Mahone Bay.....	Army	600 00	26 May	51	1 year	HQ No. 1 Manning Depot
New Glasgow.....	Army	2,400 00	8 Jun	42	Monthly	Armoury Accn for RF
		150 00	1 Oct	40	Monthly	Drill Hall Site
		72 00	1 Feb	42	Monthly	Drill Hall Site
		1,980 00	1 Aug	51	1 year	Recruiting Station
New Waterford....	Army	840 00	1 Jul	51	1 year	Armoury Accn for RF
Pictou.....	Army	120 00	1 May	50	Yearly	Garage Accn for RF
River Herbert.....	Army	300 00	19 Feb	51	1 year	Armoury Accn for RF
Scotchtown.....	Army	36 00	1 Apr	43	Yearly	RDF Site
Springhill.....	Army	5 00	1 Nov	43	10 years	Rifle Range Site
Stellarton.....	Army	1,800 00	1 Sep	51	1 year	Armoury Accn for RF
Stewiacke.....	Army	360 00	1 Jan	51	1 year	Armoury Accn for RF
	Army	240 00	15 May	51	1 year	Garage (RF)
Sydney Mines.....	Army	1,200 00	1 Oct	50	1 year	Armoury Accn for RF
West Paradise.....	Army	700 00	1 Apr	49	25 years	Land and R/W
Wolfville.....	Army	1,200 00	15 May	42	Monthly	Armoury Accn for RF
		1,200 00	1 Mar	51	1 year	Garage Accn for RF
		500 00	1 Apr	48	Yearly	COTC Accn
Yarmouth.....	Army	1,800 00	14 Aug	51	1 year	Recruiting Station
NEW BRUNSWICK—						
Bathurst.....	Army	600 00	1 Aug	40	Monthly	Armoury Accn Reserve Force
		300 00	1 Aug	47	Monthly	Same as above
		144 00	1 Apr	48	Yearly	COTC Accn
		240 00	1 Jun	51	1 year	Garage Accn Reserve Force
Berry Mills.....	RCAF	1 00	1 Jan	46	Yearly	Station Site
Campbellton.....	Army	2,400 00	1 Jun	51	1 Year	Armoury Accn RF
		1 00	1 Apr	50	Yearly	Armoury Accn RF
		1,050 00	1 Jan	51	1 year	Armoury Accn RF
		2,400 00	1 Sep	50	Yearly	Armoury Accn RF
Chatham.....	Army	180 00	1 Apr	48	Yearly	COTC Accn
	RCAF	94 50	1 Apr	49	(as long as required)	W/T Site
		10 00	18 Jun	49	"	W/T Site
		15 00	20 Jul	49	"	W/T Site
		25 00	12 Feb	48	"	D/F Station



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
NEW BRUNSWICK—						
Clifton.....	Army	360 00	1 May	47	Monthly	Armoury Accn for RF
		240 00	1 Apr	51	1 year	Garage Accn Reserve Force
Dalhousie.....	Army	600 00	1 Sep	46	Monthly	Armoury Accn for RF
		420 00	15 Jun	49	1 year Monthly thereafter	Garage Accn for RF
Edmundston.....	Army	1 00	1 Jun	46	5 years	Armoury Accn for RF
Fredericton.....	Army	900 00	10 Feb	51	1 year	Garage Accn for RF
	Army	720 00	1 Jan	51	1 year	Supply Depot and Petrol Point
	Army	2,000 00	1 Sep	50	Yearly	COTC & UNTD Accn
	Army	2,400 00	15 Sep	50	Monthly	RCASC Garage
Grand Falls.....	Army	1,800 00	1 Sep	51	1 year	Armoury Accn for RF
Hampton.....	Army	480 00	1 Dec	46	Yearly	Armoury Accn for RF
		120 00	1 Apr	47	Monthly	Garage Accn for RF
Havelock.....	Army	144 00	15 Jun	44	Monthly	Armoury Accn for RF
McGivney.....	Army	752 20	1 Oct	42	Monthly	Railway Siding Amn Depot
Moncton.....	Army	2,847 00	1 Apr	47	Yearly	Garrison Brks Site
Newcastle.....	Army	1,800 00	1 Aug	51	1 year	Armoury Accn for RF
		1,200 00	1 Nov	46	Monthly	Same as above
Petitcodiac.....	Army	540 00	1 Jan	50	Yearly	Armoury Accn for RF
		120 00	15 Feb	48	Monthly	Garage Accn for RF
Plaster Rock.....	Army	420 00	15 Nov	46	Monthly	Armoury Accn for RF
Pointe du Chene...	RCAF	250 00	4 Nov	50	Yearly	Fuel Depot
Saint John.....	Army	5 00	1 Jun	41	Yearly	Part of Site of Fort Dufferin
		10 00	1 Jun	45	Yearly	Part of Site of Fort Dufferin
		1 00	15 Jul	42	Yearly	Site for RF Accn
Saint Martins.....	Army	600 00	1 Oct	51	1 year	Armoury Accn for RF
St. Stephen.....	Army	600 00	15 Jul	50	Yearly	Armoury Accn for RF
		2,700 00	15 Nov	48	3 years	Armoury Accn for RF
Sackville.....	Army	1,800 00	1 Jan	51	1 year	Armoury Accn for RF
	Army	2,400 00	1 Sep	50	Yearly	COTC & UNTD Accn
Salisbury.....	Army	480 00	1 Feb	51	1 year	Armoury Accn for RF
Shediac.....	Army	1,500 00	1 Jun	51	1 year	Armoury Accn for RF
Sussex.....	Army	101 49	1 Sep	39	Yearly	Railway Siding Sussex Camp
		75 00	1 Nov	42	Yearly	Railway Siding Sussex Camp
		122 00	1 Nov	42	Yearly	Railway Siding Sussex Camp
Utopia.....	Army	190 00	9 Dec	46	Yearly	Part of Camp Site
		25 00	1 Apr	46	Yearly	Part of Camp Site
		15 00	28 Oct	43	Yearly	Part of Camp Site
		6 00	16 Nov	43	Yearly	Part of Camp Site
		2 50	27 Oct	43	Yearly	Part of Camp Site
QUEBEC—						
Arvida.....	Army	2,400 00	1 Dec	48	Monthly	Reserve Force Armoury
		4,800 00	1 May	51	Monthly	Reserve Force Bldg.
Bouchard.....	Army	11,692 00	6 Dec	47	Bi-monthly	Railway Sidings
		3,152 46	22 Apr	42	Until notice	Railway Sidings
Bury.....	Army	36 00	1 Jul	43	Monthly	Reserve Force Garage
		360 00	1 Nov	51	1 year	Reserve Force Garage
Cap de la Madeleine.....	Army	1 00	3 Oct	46	Tri-monthly	Hangar sites for Reserve Force
Cartierville.....	RCAF	2,400 00	1 Jun	47	Yearly	Office Accommodation
Coaticook.....	Army	516 00	1 Dec	50	Yearly for 2 years	Reserve Force Garage
Cookshire.....	Army	600 00	15 Jun	42	Monthly	Reserve Force Armoury
Cowansville.....	Army	1,500 00	1 Oct	45	5 years	Reserve Force Armoury
Danville.....	Army	1,320 00	1 Jan	52	1 year	Reserve Force Armoury
Drummondville...	Army	1,200 00	1 Oct	51	1 year	Reserve Force Garage
Gaspe.....	Army	25 00	1 Nov	43	Yearly	Land for Rifle Range
Joliette.....	Army	2,400 00	1 Jun	47	5 years	Reserve Force Accommodation
Jonquiere.....	Army	600 00	Apr	51	1 year	Reserve Force Armoury
Lachine.....	RCAF	1,500 00	19 Nov	42	Yearly	Station Area
Matane.....	Army	3,300 00	1 Sep	51	1 year	Officers for Reserve Force
Montmagny.....	Army	200 00	1 Aug	51	1 year	Reserve Force Rifle Range
	Army	480 00	15 Nov	49	Monthly	Reserve Force Garage

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose	
QUEBEC—Con.							
Montreal.....	Army	8,280 00	1 May	49	Yearly	RCASC Supply Depot	
	Army	4,200 00	1 Dec	51	1 year	COTC Accommodation	
	Army	7,480 00	1 Oct	51	1 year	COTC Accommodation	
	Army	5,112 00	1 Mar	51	1 year	Reserve Force Garage	
	Army	9,000 00	1 Apr	48	Yearly	COTC Accommodation	
	Army	900 00	1 May	50	Monthly	Parking Area for Active Force	
	Army	1,800 00	1 Apr	48	Yearly	COTC Accommodation	
	Army	50 00	1 Jan	45	Yearly	Railway Siding Site	
	Army	5,367 05	1 Sep	42	Yearly	Railway Sidings	
	Army	10 00	1 Apr	46	Yearly	Fence on Railway Property	
	Army	56 00	1 Aug	50	Yearly	Land for Roadway	
	RCAF	360 00	1 Dec	49	Yearly	Reserve Accommodation	
	RCAF	17,500 00	15 Jun	50	5 years	R & C Unit	
	RCAF	200 00	1 Sep	50	Yearly	AMES 11	
	Army	96 00	1 Feb	50	Monthly		
	New Carlisle.....	Army	1,200 00	1 Sep	45	Monthly	
	Noranda.....	Army	750 00	1 Nov	51	Yearly	Reserve Force Accommodation
Army		1,500 00	1 Sep	50		Reserve Force Garage	
Army		3,300 00	1 Nov	51	1 year	Reserve Force Armoury	
North River.....	Army	1,500 00	1 May	51		Reserve Force Accommodation	
	Army	180 00	1 July	51		Tank Hangar (RF)	
	Army	120 00	1 Jan	51		Gun Storage (RF)	
Outremont.....	Navy	2,500 00	1 July	51	2 years	Temporary Naval Storage Depot	
		per month					
Plessisville.....	Army	264 00	1 Nov	48	Monthly	Indoor Rifle Range (RF)	
	Army	960 00	1 Aug	51	1 year	Reserve Force Accommodation	
Port Alfred.....	Army	3,600 00	1 Jan	51	1 year	Reserve Force Armoury	
Quebec.....	Army	1 00	1 July	51	10 mon. lease		
	Army	10,000 00	1 Sep	51	3 years	Drill Hall Site	
	RCAF	900 00	1 June	50	Yearly	Reserve Force Armoury	
	Army	300 00	1 Dec	51		Reserve University Sqdn.	
Rock Island.....	Army	300 00	1 Dec	51			
Ste. Anne de Belle- vue.....	Army	360 00	1 July	51		Reserve Force Accommodation	
	Army	500 00	1 Nov	47	15 years	Reserve Force Accommodation	
	Army	600 00	1 Aug	50	Monthly	Training Accommodation (RF)	
	Army	4,200 00	1 Nov	48	5 years	Reserve Force Accommodation	
	Army	300 00	1 April	51		Armoury (RF)	
	Army	96 00	1 Nov	51		Garage (RF)	
	Army	96 00	1 Nov	51		Garage (RF)	
	Army	120 00	1 Sep	50		Training Ground (RF)	
	Army	2,700 00	1 Mar	51		Armoury (RF)	
	Army	3,000 00	9 Dec	50	Monthly	Armoury (RF)	
	Army	4,200 00	1 Jan	51		Accommodation (RF)	
	Army	2,000 00	1 Sep	51			
	Army	6,300 00	1 June	51		Workshop & Garage (RF)	
	Army	3,840 00	1 April	51		Training & Storage (RF)	
	Thetford Mines....	Army	156 00	15 Nov	49	Monthly	Garage (RF)
	Windsor Mills.....	Army	840 00	1 April	47		Armoury (RF)
	ONTARIO—						
Ajax.....	Army	900 00	1 Dec	50	1 year	Armoury (RF)	
Bancroft.....	Army	594 00	1 Jul	51	1 year	Armoury (RF)	
	Army	108 00	1 Feb	50	Monthly	Garage (RF)	
Belleville.....	Army	7,200 00	21 Feb	51	5 years	Armoury (RF)	
Brampton.....	Army	25 00	1 Jul	50	Yearly	Land for Rifle Range	
	Army	1,200 00	1 Feb	51	1 year	Garage (RF)	
Brockville.....	Army	35 00	21 Nov	42	Yearly	Military Camp	
	Army	25 00	1 Aug	41	Monthly	Military Camp	
	Army	200 00	1 Aug	41	Monthly	Military Camp	
	Army	2 00	1 Jul	43	Yearly	Military Camp	
	Army	175 00	1 Jan	43	Monthly	Rifle Range	
	Army	15 00	1 Aug	41	Monthly	Rifle Range	
	Army	21 00	1 Aug	41	Monthly	Rifle Range	
	Army	10 00	1 Aug	41	Monthly	Rifle Range	
	Army	55 00	1 Jan	47	Monthly	Rifle Range	
	Army	84 00	1 Jan	47	Monthly	Rifle Range	
	Army	400 00	1 Aug	41	Monthly	Rifle Range	
	Army	45 00	1 Aug	41	Monthly	Rifle Range	

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
ONTARIO—Con.						
Burks Falls.....	Army	1,500 00	1 Jan	51	1 year	Armoury (RF)
Camp Borden.....	Army	700 00	25 Aug	50	3 years	Land Gravel Pit
Carleton Place.....	Army	180 00	1 Mar	46	Monthly	Armoury (RF)
	Army	300 00	1 May	48	Yearly	Gun Storage
Edwards.....	Navy	105 00	15 Nov	42	Monthly	Naval W/T Station Site
Fort Erie.....	Army	1,020 00	1 Apr	51	1 year	Armoury (RF)
Fort Frances.....	Army	2,640 00	1 Feb	51	1 year	Armoury (RF)
	Army	120 00	1 Feb	47	Monthly	Garage (RF)
Fort William.....	Army	150 00	1 Jun	51	1 year	Storage space
Frankford.....	Army	400 00	1 Jan	49	Yearly	Armoury (RF)
	Army	840 00	1 Jul	51	Monthly	Garage (RF)
	Army	60 00	1 Jul	50	1 year	Garage (RF)
Galt.....	Army	1,044 00	1 May	48	5 years	Armoury (RF)
Goderich.....	Army	360 00	1 Nov	50	1 year	Armoury (RF)
Guelph.....	Army	500 00	1 Apr	47	Monthly	COTC
Hagersville.....	Army	510 11	6 Jan	42		Railway siding
	Army	366 18	1 Aug	46		Railway siding
Hamilton.....	Army	475 00	1 Apr	49	Yearly	COTC
		(+\$2.00 per period per lecture room)				
Kingston.....	Army	1,200 00	1 Apr	51	1 year	RCASC Garage
	Army	400 00	1 Apr	48	Yearly	COTC Accn
	Army	720 00	1 Jul	50	1 year	Armoury RF
	DRB	3,500 00	1 Apr	47	Yearly	Laboratory Accn
Kenora.....	Army	1 00	1 Jul	50	7 years	Indoor Rifle Range
Kitchener.....	Army	120 00	1 Apr	47	Monthly	Parade Ground
London.....	Army	1,500 00	1 Apr	50	Yearly	COTC Accn
		(\$1.00 per man in units)				
	Army	152 00	12 Nov	42		Railway Siding (COD)
	Army	258 00	12 Dec	40		Railway Siding (COD)
Madoc.....	Army	108 00	1 Nov	49	1 year thereafter monthly	Garage (RF)
Malton.....	Army	339 04	21 Dec	47	Yearly	Use of Storm Sewer
Marathon.....	Army	1,500 00	1 Sep	49	Monthly	Armoury (RF)
Merrickville.....	Army	1 00	5 Aug	07	99 years	Armoury (RF)
Midland.....	Army	600 00	1 Jun	51	1 year	Armoury (RF)
Mohawk.....	RCAF	2,508 50	1 Sep	40	Yearly	Airport Site
Morrisburg.....	Army	1 00	1 Mar	50	99 years	Vacant
North Bay.....	Army	1,140 00	1 May	51	1 year	Recruiting Office
Oshawa.....	Army	2,400 00	1 Nov	50	1 year	Armoury (RF)
Ottawa.....	Army	560 00	1 Sep	50	1 year	RCASC Parking Space
	Army	9,000 00	1 May	48	5 years	Historical Section
	Army	781 20	31 Oct	49	Monthly	Imperial War Graves Com- mission
	Army	600 00	15 Apr	42	Yearly	Site for Composite Stores
	Army	193 81	1 Oct	43	Yearly	Railway Siding (Plouffe Park)
	Army	8,220 00	1 Mar	51	1 year	Armoury (RF)
	Army	1 00	18 Dec	40	Monthly	Armoury (RF)
	Army	15,000 00	25 Mar	51	5 years	Armoury (RF)
	Army	7,800 00	11 May	49	3 years	Armoury (RF)
	Army	1,560 00	1 Apr	48	Yearly	COTC Accn
	Army	900 00	1 Apr	51	5 months	COTC Accn
Owen Sound.....	Army	1,020 00	1 Dec	50	1 year	Armoury (RF)
	Army	4,800 00	15 Dec.	50	1 year	Armoury (RF)
Paris.....	Army	1,200 00	1 Nov	50	1 year	Armoury (RF)
Parry Sound.....	Army	360 00	1 Sep	50	Monthly	Storage (RF)
Perth.....	Army	720 00	1 Sep	50	1 year	Garage (RF)
Petawawa.....	Army	25 00	3 Jul	50	1 year	Removal of Gravel
	Army	198 00	1 Jul	29	Yearly	Railway Siding
	Army	127 00	1 Nov	25	Yearly	Railway Siding
	Army	1 00	1 May	41	Yearly	Training Area
	Army	42 00	2 Jun	42	Yearly	Coal Spur
	Army	1 00	1 Mar	43	Yearly	Training Area
Port Colborne.....	Army	1,200 00	1 Feb	51	1 year	Armoury (RF)



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
ONTARIO—Con.						
Port Credit.....	Army	600 00	1 Jan	42	.....	Armoury (RF)
Port Hope.....	Army	1 00	1 Jul	48	Yearly	Armoury Site
	Army	834 00	15 Dec	49	Yearly	Armoury (RF)
Renfrew.....	Army	144 00	30 Sep	50	1 year	Armoury (RF)
Sarnia.....	Army	840 00	1 Sep	51	1 year	Garage (RF)
Sault Ste. Marie.....	Army	1 00	15 Oct	43	Yearly	Sgts. Mess
Smith Falls.....	Army	600 00	15 May	40	Monthly	Armoury (RF)
Strathroy.....	Army	300 00	1 Dec	51	1 year	Armoury (RF)
St. Mary's.....	Army	540 00	1 Jan	51	1 year	Armoury (RF)
	Army	408 00	15 Jun	50	Yearly	Garage (RF)
Stouffville.....	Army	739 60	1 Jun	50	2 years	Training Area (RF)
	Army	900 00	15 Nov	49	Yearly	Armoury (RF)
Sudbury.....	Army	480 00	7 Dec	48	.....	Storage of Vehicles
	Army	4,200 00	1 Jun	51	1 year	Armoury (RF)
Terrace Bay.....	Army	3,000 00	1 Mar	51	1 year	Armoury (RF)
Tillsonburg.....	Army	900 00	12 Dec	40	.....	Armoury (RF)
Toronto.....	Army	6,000 00	1 Sep	49	5 years	Garage and Workshop
	Army	11,520 00	1 Feb	49	5 years	Armoury (RF)
	Army	6,375 00	1 Jan	51	1 year	Training Bldg.
	Army	1,515 00	16 Jan	51	Monthly	Transport Accn.
	Army	1,200 00	15 Mar	43	Monthly	Parking Lot
	Army	6,200 00	1 May	51	1 year	Armoury (RF)
	Army	2,139 00	15 Sep	50	Yearly	Armoury (RF)
	Army	764 80	13 Mar	51	Monthly	Office Space (RTO)
	Army	2,091 60	1 Apr	51	1 year	COTC Accn
	Army	90 00	Period of lease indefinite			Parking Space
	Navy	1 00	1 Oct	44	998 years	Site for Naval Divisions
	Navy	900 00	15 Nov	49	Yearly	Hangar for Naval Training Aircraft
Welland.....	Army	1 00	1 Jul	47	Yearly	Armoury (RF)
	Army	600 00	5 Oct	48	Yearly	Garage (RF)
Weston.....	RCAF	5 00	1 Jan	46	99 years	Supply Depot
Windsor.....	Army	3,600 00	1 May	50	Yearly	Site for Hutments (RF)
Wingham.....	Army	240 00	1 May	48	5 years	Armoury (RF)
	Army	1 00	.....			Parking Lot (RF)
Woodstock.....	Army	180 00	1 May	51	1 year	Land Training Area (RF)
MANITOBA—						
Birtle.....	Army	480 00	1 Oct	51	1 year	Armoury Accn (RF)
Brandon.....	Army	1 00	1 Jul	47	Yearly	Vehicle Training Area
Carman.....	Army	840 00	1 Apr	51	1 year	Armoury Accn (RF)
Churchill.....	Army	555 14	1 Feb	45	Yearly	Railway Siding
Clear Lake.....	Army	10 00	1 Apr	45	21 yrs.	Cadet Camp Site
Dauphin.....	Army	120 00	1 Nov	47	Monthly	Garage Accn (RF)
Dryden.....	Army	1,440 00	1 Nov	49	1 year	Armoury Accn (RF)
	Army	120 00	1 Nov	51	1 year	Garage Accn (RF)
Flin Flon.....	Army	1,800 00	1 May	45	Monthly	Armoury Accn (RF)
Rivers.....	RCAF	2,508 50	1 Sep	40	Yearly	Airport Site
Shilo.....	Army	1 00	31 Jul	42	Yearly	Sewage disposal site
	Army	1 00	4 Nov	42	Yearly	Storage & Isolation magazine
	Army	659 13	26 Sep	34	Yearly	2 railway sidings
Swan River.....	Army	420 00	1 Jul	51	1 year	Armoury Accn (RF)
The Pas.....	Army	300 00	1 Jun	49	5 years	Armoury Accn (RF)
	Army	120 00	14 Feb	47	Monthly	Armoury Accn (RF)
Winnipeg.....	Army	5,700 00	1 Apr	46	10 years	Barrack Site
	Army	338 84	1 Dec	51	Yearly	Railway Siding
	Army	101 57	10 Jun	40	Yearly	Railway Siding
	Army	480 00	1 Apr	48	Yearly	COTC Accn
	RCAF	2,500 00	1 Sep	42	Yearly	Airport Site
	RCAF	6 00	1 Aug	50	Month to month	Parking Area
		per month				

## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
SASKATCHEWAN—						
Abbey.....	Army	300 00	1 Jan	51	1 year	Armoury Accn (RF)
Assiniboia.....	Army	900 00	1 Nov	51	1 year	Armoury Accn (RF)
	Army	120 00	1 Dec	51	1 year	Garage Accn (RF)
Climax.....	Army	336 00	1 Jul	51	1 year	Armoury Accn (RF)
Fond du Lac.....	Army	1 00	1 Nov	32	Yearly	Radio & Seaplane base
Frontier.....	Army	220 08	1 Apr	51	1 year	Armoury Accn (RF)
Goldfield.....	Army	1 00	1 May	38	20 years	Radio Telegraph Station
	Army	1 00	1 May	38	21 years	Radio Telegraph Station
Gravelbourg.....	Army	360 00	1 Jun	45	Monthly	Armoury Accn (RF)
Grenfell.....	Army	260 00	16 Mar	51	1 year	Armoury Accn (RF)
	Army	540 00	1 Jan	51	Monthly	Armoury Accn (RF)
Herbert.....	Army	284 00	1 Apr	45	Monthly	Armoury Accn (RF)
Humboldt.....	Army	900 00	1 Sep	47	Yearly	Armoury Accn (RF)
Indian Head.....	Army	144 00	1 Feb	49	Monthly	Vehicle storage (RF)
Kamsack.....	Army	365 00	1 Apr	51	Yearly	Armoury Accn (RF)
	Army	120 00	1 Oct	50	Yearly	Vehicle Storage (RF)
Langham.....	Army	200 00	26 Oct	50	Yearly	Vehicle Storage (RF)
	Army	960 00	1 Oct	48	Yearly	Armoury Accn (RF)
Limerick.....	Army	420 00	1 Nov	48	Yearly	Armoury Accn (RF)
Melville.....	Army	900 00	1 Jun	49	Yearly	Armoury Accn (RF)
Melfort.....	Army	102 50	1 Apr	49	Yearly	Vehicle Storage (RF)
Moose Jaw.....	Army	900 00	Jun	51	Monthly	Personnel Depot & Recruiting Station
	Army	5,000 00	1 Nov	46	Yearly	Tank repair depot
Nipawin.....	Army	840 00	4 Feb	51	1 year	Armoury Accn (RF)
Outlook.....	Army	600 00	1 Nov	49	Yearly	Armoury Accn (RF)
Prince Albert.....	Army	1 00	1 Dec	48	Yearly	Parking Lot
	Army	1,620 00	1 Jun	51	1 year	Personnel Depot
Regina.....	Army	746 64	1 Jan	51	1 year	Armoury Accn (RF)
	Army	1,814 40	1 Jul	50	Yearly	Armoury Accn (RF)
	Army	50 00	27 Aug	42	Yearly	Site of EMQ's
	Army	1 00	1 Jan	51	1 year	Parade ground
	Navy	1,634 33	6 Feb	42	Yearly	Buildings for Naval Division
Saskatoon.....	Army	6,000 00	1 Mar	51	1 year	Armoury Accn (RF)
	Army	2,600 00	1 Apr	50	Yearly	COTC Accn—joint services
Shaunavon.....	Army	600 00	1 Jun	51	3 years	Armoury Accn (RF)
Saskatoon.....	Army	2,400 00	1 Jan	51	1 year	Armoury & Vehicle storage
Swift Current.....	Army	1,200 00	1 May	51	Yearly	Armoury Accn (RF)
	Army	1,800 00	1 Jun	48	Yearly	Armoury Accn (RF)
	Army	600 00	1 Nov	47	Monthly	Armoury Accn (RF)
Tompkins.....	Army	200 00	1 Dec	51	1 year	Vehicle Storage & training
Weyburn.....	Army	1,750 00	10 Oct	38 to 10 Oct 53		Armoury Accn (RF)
	Army	109 00	1 Dec	48	Monthly	Vehicle storage (RF)
Wakaw.....	Army	420 00	1 Nov	51	1 year	Armoury Accn (RF)
ALBERTA—						
Bassano.....	Army	1 00	26 April	49	Yearly	Site for Armoury Accommodation
Big Valley.....	Army	60 00	1 Oct	41	Yearly	Armoury Accn. (RF)
Blackie.....	Army	1 00	1 Jun	51	1 year	Armoury Site
Brooks.....	Army	720 00	1 Jan	50	1 year	Armoury Accn (RF)
Calgary.....	Army	14 00	1 Aug	37	Yearly	Railway Siding
	Army	3,000 00	24 Aug	42	Monthly	Garage Accn
	Army	180 00	1 Sep	42	Monthly	Parking Space
	Army	300 00	1 Jan	47	Monthly	Recreation Accn (RF)
	Army	2,400 00	1 Nov	48	Yearly	Workshop Accn (RF)
	RCAF	1,000 00	1 Feb	45	Yearly	S.D. Accommodation
Condor.....	Army	120 00	1 Aug	51	1 year	Armoury Accn (RF)
Didsbury.....	Army	300 00	8 Jun	48	Monthly	Armoury Accn (RF)
Drumheller.....	Army	1,500 00	1 Nov	50	3 years	Armoury Accn (RF)
Edmonton.....	Army	648 00	1 Oct	46	Yearly	Site for Supply depot
	Army	100 00	1 Jan	48	10 years	Site for Warehouse
	Army	540 00	1 May	51	1 year	Site for EMQ's and Workshop
	Army	1 00	1 Mar	51	1 year	Site for Army Hutments
	Army	1,200 00	1 April	50	Yearly	COTC Accn
	Army	400 00	18 May	42	10 years	Rifle Range Site
	RCAF	1,500 00	9 Feb	48	Yearly	Married Quarters
	RCAF	60 00	1 Mar	51	1 year	Transformer Station
	RCAF	1,848 00	1 April	49	Yearly	Married Quarters
	RCAF	1 00	29 Dec	47	10 years	Building Area

PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
<b>ALBERTA—Con.</b>						
Grand Prairie.....	Army	1 00	21 Feb	51	1 year	Site of Armoury Building
High River.....	Army	2,400 00	1 Jul	49	5 years	Armoury Accn (RF)
	Army	600 00	1 Jul	51	1 year	RF Garage Accn
Lake Chestermere	Navy	90 00	22 Aug	51	50 years	Site for Naval Division
Lethbridge.....	Army	600 00	1 Apr	51	3 years	Armoury Accn (RF)
Lacombe.....	Army	1,080 00	1 Nov	51	1 year	Armoury Accn (RF)
	Army	15 00	30 Apr	51	1 year	(RF) Garage Accn
Medicine Hat.....	Army	300 00	24 Sep	47	10 years	Officers' Mess Building
Nanton.....	Army	1,020 00	1 Apr	51	1 year	Armoury Accn (RF)
Okotoks.....	Army	510 00	1 May	43	Monthly	Armoury Accn (RF)
Olds.....	Army	120 00	1 Apr	51	1 year	Orderly Room (RF)
	Army	1 00	9 Nov	47	Yearly	Armoury Accn (RF)
Pincher Creek.....	Army	1 00	1 Mar	51	1 year	Site of Armour Accn (RF)
Redcliffe.....	Army	60 00	1 Nov to 30 Apr	52		Garage Accn (RF)
Rocky Mt. House.	Army	720 00	1 Jan	51	1 year	Armoury Accn (RF)
Sarcee.....	Army	2,000 00	1 Apr	51	1 year	Camps Site Train. area RR
	Army	3,000 00	1 Oct	51	1 year	Trg area
Turner Valley.....	Army	1,440 00	1 Feb	51	2 years	Armoury Accn (RF)
Vermillion.....	Army	1 00	1 Jul	51	5 years	Armoury Site
Vulcan.....	Army	150 00	6 Jul	41	Monthly	Armoury Accn (RF)
Wainwright.....	Army	20,000 00	1 Apr	49	Yearly	Trg area and Camp Site
	Army	503 98	13 Nov	42	Yearly	Spur track to Camp Site
Wetaskiwin.....	Army	50 00	1 Apr	50	Yearly	Loading Corral
Wetaskiwin.....	Army	1 00	1 Apr	51	1 year	Armoury Accn (RF)
Lamont.....	Army	180 00	1 July	45	Monthly	Armoury Accn (RF)
<b>BRITISH COLUMBIA—</b>						
Chilliwack.....	Army	6 00	15 May	51	1 year	Watermanship Training Area
	Army	5 00	5 Oct	42	Yearly	Rifle Range Area
	Army	248 00	1 Nov	51	1 year	Rifle Range Area
	Army	240 00	1 Nov	51	1 year	Rifle Range Area
	Army	208 00	10 Feb	51	1 year	Rifle Range Area
	Army	20 00	8 Oct	42	Monthly	Bridging Training Area
	Army	1 00	19 Oct	42	Monthly	Bridging Training Area
	Army	21 00	9 Nov	43	Yearly	Vehicle Parking Lot (RF)
Comox.....	Navy	150 00	1 Jan	40	21 years	Navy Firing Range
Dawson Creek.....	Army	269 12	8 Sep	47	Yearly	Railway Siding for SD
	RCAF	3,000 00	1 Feb	51	1 year	Storage
Duncan.....	Army	5 00	1 Jan	48	20 years	Radio Station Sites
	Army	5 00	1 Mar	49	20 years	Radio Station Sites
	Army	1,200 00	1 Sep	49	Yearly	Armoury (RF)
Esquimalt.....	Navy	1 00	14 Oct	43	10 years	Part of Naval Base Site
Kamloops.....	Army	50 00	20 Jul	44	10 years	Water Supply Magazine Area
	Army	360 00	1 Oct	45	Monthly	Vehicle Storage (RF)
Kimberley.....	Army	1,680 00	31 Oct	50	1 year	Armoury (RF)
	Army	540 00	1 Oct	46	Monthly	Vehicle Storage (RF)
New Westminster.	Army	1 00	11 Mar	43	Yearly	Artillery Ranges
	Army	1 00	21 Apr	43	Yearly	Artillery Ranges
Port Alberni.....	Army	284 29	1 Jan	48	Yearly	Rifle Range Site
Prince George.....	Army	1 00	1 Nov	48	Yearly	Armoury Site
	Army	218 00	1 Apr	48	Yearly	Armoury Site
Prince Rupert.....	Army	41 96	9 Jan	39	Yearly	Railroad Siding
	Army	25 00	1 Nov	44	Yearly	Anti-Aircraft Battery Site
	Army	200 00	16 Mar	47	Monthly	Rifle Range Site
	Army	110 00	1 Apr	51	1 year	Garage Site (RF)
	Army	1 00	1 Apr	51	1 year	Rifle Range Site
	Navy	25 00	1 Oct	49	Yearly	Site for Seaward Defence
	Navy	1 00	22 Dec	42	21 years	Bldg & Site for Naval Base
Salmon Arm.....	Army	360 00	19 Dec	50	1 year	Armoury (RF)
	Army	180 00	1 Aug	51	1 year	Vehicle Storage (RF)
Sea Island.....	RCAF	1,108 80	1 Jul	49	Yearly	Explosives Storages
Trail.....	Army	1,200 00	1 Jan	49	Yearly	Armoury (RF)
Tsawwassen.....	RCAF	50 00	1 Jun	44	As long as required	Bombing Range



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease	Purpose
<b>BRITISH COLUMBIA— Con.</b>				
Vancouver.....	Army	160 00	1 Dec 49 25 years	Heating Tunnel under 4th Avenue
	Army	300 00	1 Mar 49 Monthly	Hutment Site (RF)
	Army	13,942 00	1933 20 years	Site of Armoury
	Army	2,000 00	1 Apr 48 Yearly	COTC Accn
	Navy	75 00	15 Jun 51 Monthly	Naval Recruiting Stn
		a month		
Vernon.....	Army	182 00	1 Jan 43 Yearly	Armoury & Stores Site
		1,450 00	15 Aug 51 1 year	Training Area
Victoria.....	Army	25 00	1 Sep 39 30 years	Access Road to FOB Site
	Army	180 00	1 Aug 50 5 years	Battery Site
	Army	55 56	1 Jul 41 Monthly	Searchlight Battery Site
<b>NORTHWEST TERRITORIES—</b>				
Fort Resolution...	Army	1 00	Year to Year	RCCS Radio Station
Fort Simpson.....	Army	50 00	1 Jun 46 10 years	RCCS Radio Station
Norman Wells.....	Army	6,350 00	23 Apr 49 3 years	Air Supply
Yellowknife .....	Army	8,100 00	11 Aug 48 Yearly	Armoury (RF)
<b>ENGLAND—</b>				
London.....	Army	16,800 00	25 Mar 51 1 year	Joint Services Accommodation
	Army	1,050 00	1 Apr 51 1 year	Joint Services Garage
<b>UNITED STATES—</b>				
Washington.....	Army	5,347 80	1 Jun 51 .....	Joint Staffs Garage
	Army	14,400 00	1 Sep - 31 Oct 53	Office of Joint Staffs

## PART III—LAND AND BUILDINGS LEASED SINCE APRIL 1, 1950, BUT SINCE TERMINATED

*(Part III substituted as per letter of clerk on December 14)*

Location	Service	Total Rental Paid	Date of Lease	Date of Termination	Purpose
		\$ cts.			
Georgetown, P.E.I.....	Army	100 00	7 May 50	6 Oct 51	Armoury Accn (RF)
Sherbrooke, Que.....	RCAF	8,125 00	3 Aug 50	31 Aug 51	AC and WV, HQ
Grimsby, Ont.....	Army	900 00	1 Jun 50	31 May 51	Armoury Accn (RF)
Toronto, Ont.....	Army	1,391 00	1 Jun 50	13 Mar 51	RTO
Winnipeg, Man.....	Army	300 00	1 Jun 50	31 May 51	Coal Storage Site
Midland, Ont.....	Army	2,850 00	15 Apr 50	15 Oct 51	Armoury Accn (RF)
Corner Brook, Nfld.....	Army	480 00	28 Apr 50	28 Oct 50	Armoury Accn (RF)
Owen Sound, Ont.....	Army	666 66	1 Oct 50	31 Dec 50	Armoury Accn (RF)
Calgary, Alta.....	Army	3,665 04	1 Nov 50	1 Mar 51	Can Army (Special F.)
Ottawa Coliseum, Lansdowne Park	Army	1,000 00	2 May 51	30 May 51	Sleeping Accn
Victoria, B.C.....	Navy	700 00	9 May 51	9 Oct 51	Storage Accom
Victoria, B.C.....	Navy	1,550 00	15 May 50	31 Aug 51	Training Field
Aklavik, N.W.T.....	Navy	120 00	1 Jul 51	1 Oct 51	Storage Accom

## APPENDIX N

ORDERS PLACED BY CANADIAN COMMERCIAL CORPORATION  
AND  
THE DEPARTMENT OF DEFENCE PRODUCTION  
ON BEHALF OF THE  
DEPARTMENT OF NATIONAL DEFENCE  
FOR  
SELECTED ITEMS OF OPERATIONAL EQUIPMENT  
APRIL, 1950—NOVEMBER, 1951

This list covers all major orders placed on behalf of the Department of National Defence for operational equipment with the exception of specialized electronic items. Figures given for aircraft, however, include the value of electronic gear to be embodied in the actual airframes. The estimated value of the orders and the expenditures there against relate to production contracts only and do not include those for capital assistance or development. The period covered is from April, 1950 to November, 1951.

## SUMMARY

Category	Estimated Value	Expenditures
	\$	\$
1. Small arms and machine guns .60 calibre (15.2 mm) and under....	19,282,262	308,300
2. Artillery and naval guns over calibre .60 (over 15.2 mm), mortars and missile launchers.....	45,729,565	21,458,232
3. Tanks, self-propelled weapons and other military vehicles.....	93,265,436	7,283,654
4. Ammunition.....	103,039,505	6,875,508
5. Rockets.....	14,379,311	1,882,329
6. Miscellaneous ammunition and related products.....	5,498,635	622,148
7. Miscellaneous ordnance and ordnance material.....	396,381	266,677
8. Aircraft.....	788,585,635	157,004,557
9. Ships.....	167,653,448	23,858,316
Expenditure for bulk orders placed with the United States government for divisional equipment.....		46,495,890
TOTALS.....	1,237,830,178	266,055,611



## 1.—SMALL ARMS AND MACHINE GUNS .60 CALIBRE (15.2 MM) AND UNDER

Major orders placed for the armed services in the period April, 1950 to November, 1951, amounted to \$19,282,262. This figure includes orders for United States-type small arms valued at \$1,103,621 on which procurement has been suspended pending clarification of the issue of standardization. The expenditure on these items covers deliveries before the orders were suspended. The main orders are shown below.

Canadian Arsenals Limited.....	12,291 Browning .5 machine guns.....	14,601,228	26,620
U.S. Government.....	208 aircraft machine guns and spares.....	493,740	18,000
Canadian Arsenals Limited.....	1,176 .22 calibre rifles.....	77,584	45,404
U.S. Government.....	2,025 .45 calibre sub-machine guns (partly suspended)	93,357* 513,514*	
U.S. Government.....	734 .50 calibre machine guns.....	(partly suspended)	
U.S. Government.....	20,951 .30 calibre rifles.....	2,329,287*	
U.S. Government.....	1,234 .30 calibre machine guns.....	(partly suspended) 308,900*	
Harrington and Richardson Arms Co. Limited.....	4,440 survival weapons (.22).....	240,781	nil
Canadian Arsenals Limited.....	Parts, accessories and repairs for .303 rifles.....	623,871	218,276
		19,282,262	308,300

2. ARTILLERY AND NAVAL GUNS OVER CALIBRE .60 (OVER 15.2 MM),  
MORTARS AND MISSILE LAUNCHERS

The value of major orders placed for guns over .60 calibre, including mortars and launchers in the period April, 1950 to November, 1951 amounted to \$45,729,565. Procurement action on grenade launchers valued at \$30,343, has been suspended although this amount is included in the total. The main orders are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Dominion Bridge Company.....	73 mountings for anti-submarine mortars.....	500,000	nil
Dominion Bridge Company.....	33 naval mortars.....	400,000	nil
U.K. Government.....	Anti-submarine mortars.....	458,940	nil
Sorel Industries Ltd.....	11 mountings for anti-submarine mortars.....	400,000	nil
U.S. Government.....	10 3"/50 calibre naval guns.....	3,751,068	3,748,068
Sorel Industries Ltd.....	44 3"/50 calibre naval guns.....	13,000,000	2,730,514
U.S. Government.....	267 60mm mortars and mounts and 98 81mm mortars and mounts.....	411,319*	
U.S. Government.....	59 4.2" mortars.....	141,070*	
U.S. Government.....	4,093 grenade launchers.....	30,343* (suspended)	
U.S. Government.....	1,345 3.5" rocket launchers.....	114,095*	
U.S. Government.....	81 57mm rifles.....	100,440*	
Firestone Tire & Rubber Company.	3,750 3.5" rocket launchers.....	255,274	nil
Magnovox Co.....	Parts for 3.5" rocket launchers....	48,019	3,299
U.S. Government.....	65 75mm rifles.....	110,500*	
U.S. Government.....	64 gun carriages.....	2,052,490*	
U.S. Government.....	30 40mm guns.....	846,197	846,197
Sorel Industries Ltd.....	138 105mm howitzers.....	1,500,000	nil
U.S. Government.....	88 105mm howitzers.....	1,457,646*	
U.S. Government.....	47 155mm howitzers.....	1,412,010*	
Sorel Industries Ltd.....	29 155mm howitzers.....	650,000	nil
Sorel Industries Ltd.....	180 155mm howitzers*	3,960,000	nil
Orders classified for security reasons		14,130,154	14,130,154
		45,729,565	21,458,232

\* See footnote on final page.

\*\* For transfer to other NATO countries.

## 3. TANKS, SELF PROPELLED WEAPONS AND OTHER MILITARY VEHICLES

Major orders for military vehicles of all types amounted to \$93,265,436 in the period April, 1950 to November, 1951. The main orders placed in this period are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.S. Government.....	1,136 military vehicles.....	7,272,727	7,272,727
U.S. Government <sup>1</sup> .....	220 medium tanks.....	51,134,957*	
U.S. Government.....	34 Bulldozer tank mountings plus spares.....	268,753*	
U.S. Government.....	11 tank recovery vehicles.....	1,527,900*	
U.S. Government.....	9 light tanks.....	1,070,640*	
U.S. Government.....	Motor carriages T141 plus spares..	6,048,000*	
U.S. Government.....	9 tanks T41E1 plus spares.....	1,803,069*	
Ford Company of Canada.....	1,911 $\frac{1}{2}$ ton 4 x 4 trucks.....	4,933,000	nil
Chrysler Corporation of Canada....	933 $\frac{3}{4}$ ton 4 x 4 trucks.....	5,669,940	10,927
General Motors of Canada.....	1,978 $2\frac{1}{2}$ ton 6 x 6 trucks.....	13,536,450	nil
		93,265,436	7,283,654

<sup>1</sup> Procurement action on these tanks has been suspended. In the meantime a contract demand has been received for 40 Centurion tanks worth \$5,236,000 to be purchased from the United Kingdom and it is understood that additional contracts demands for Centurion tanks will probably be submitted in the near future.

\* See footnote on final page.

## 4.—AMMUNITION

Major orders placed for ammunition amounted to \$103,039,505 in the period April, 1950 to November, 1951. Procurement action has been held up on small arms ammunition valued at \$1,097,775 pending clarification of the issue of standardization. To avoid duplication, pool orders issued in the Department of Defence Production for components are not included in this tabulation. The main orders for ammunition are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Canadian Arsenals Limited.....	286,100 20 mm cartridges.....	308,680	74,980
Canadian Industries Ltd.....	28,680,000 .22 cartridges.....	212,538	201,731
U.S. Government.....	9,991,200 .30 cartridges.....	935,162*	
		(partly suspended)	
U.S. Government.....	8,823,950 .50 cartridges.....	2,737,900*	
		(partly suspended)	
Canadian Arsenals Limited.....	14,000,000 .50 cartridges.....	5,700,000	8,106
Canadian Arsenals Limited.....	808,240 40 mm cartridges.....	8,590,795	1,079,462
Canadian Arsenals Limited.....	21,000 empty 40 mm cartridges...	27,720	27,720
U.K. Government.....	68,776 40 mm cartridges.....	317,619	293,257
U.S. Government.....	19,300 37 mm shells.....	100,340	100,340
U.S. Government.....	18,144 57 mm cartridges.....	329,842*	
Canadian Arsenals Limited.....	24,000 75 mm shells.....	11,580	11,580
U.S. Government.....	31,300 75 mm shells.....	804,122*	
U.S. Government.....	15,924 75 mm cartridges.....	459,935*	
U.S. Government.....	9,000 76 mm shells.....	196,142	196,142
Canadian Arsenals Limited.....	30,000 76 mm shells.....	14,490	4,790
Canadian Arsenals Limited.....	Modification of 75 mm and 76 mm projectiles.....	133,910	107,630
U.K. Government.....	10,896 4" cartridges and fuzes.....	647,134	nil
U.K. Government.....	8,560 4" cartridges.....	244,314	151,965
U.K. Government.....	11,500 4.5" cartridges.....	622,328	nil
Canadian Arsenals Ltd.....	20,000 5.5" cartridges.....	138,888	138,888
Canadian Arsenals Ltd.....	2,500 5.5" shells.....	57,886	nil
E. Leonard & Sons Ltd.....	1,500 6" practice shot.....	69,844	nil
U.K. Government.....	5,856 3 pdr. cartridges.....	49,922	nil
Canadian Arsenals Ltd.....	12,000 17 pdr. cartridges.....	1,303,186	593,134
Canadian Arsenals Ltd.....	27,512 25 pdr. cartridges.....	166,169	62,687
U.S. Government.....	91,368 60 mm mortar shells.....	819,332*	
U.S. Government.....	93,925 81 mm mortar shells.....	1,728,761*	
U.S. Government.....	24,624 4.2" mortar shells.....	727,688*	
Canadian Arsenals Ltd.....	238,315 105 mm shells.....	18,745,656	1,822
U.S. Government.....	166,364 105 mm shells.....	5,025,345*	
U.S. Government.....	43,851 155 mm shells.....	2,437,853	
Canadian Arsenals Ltd.....	104,700 155 mm shells.....	12,542,347	nil
Canadian Arsenals Ltd.....	86,400 cartridges, 20,530 fuzes for 3"/50 shells.....	8,487,650	19,282
Canadian Arsenals Ltd.....	13,437 3"/50 cartridges.....	632,789	152,986
U.S. Government.....	20,450 3"/50 cartridges.....	1,383,440	1,383,440
U.S. Government.....	14,000 3"/50 cartridge tanks.....	50,225	50,225
Orders classified for security reasons		26,277,973	2,215,334
		103,039,505	6,875,508

\* See footnote on final page.



## 5.—ROCKETS

Major orders for rockets and components in the period April, 1950–November, 1951 amounted to \$14,379,311. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Aerojet Engineering Corp.....	5,000 aircraft rockets.....	195,585	195,585
Canadian Arsenals Limited.....	70,000 aircraft rockets 2-25".....	3,208,700	nil
U.S. Government.....	25,000 rockets 2-36".....	240,209	240,209
Canadian Arsenals Limited.....	209,759 rockets, H.E. 3-5".....	8,079,591	nil
U.S. Government.....	90,302 rockets H.E. and smoke 3-5".....	1,130,690*	
U.S. Government.....	400 rockets, 5".....	43,672	43,672
U.S. Government.....	Miscellaneous fuzes, rockets and components.....	1,402,864	1,402,864
Orders classified for security reasons.....		78,000	nil
		14,379,311	1,882,330

## 6. MISCELLANEOUS AMMUNITION AND RELATED PRODUCTS

Major orders placed for items in this category in the period April, 1950 to November, 1951 amounted to \$5,498,635. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Canadian Arsenals Limited.....	12,500 depth charges Mk 7*.....	1,701,21	nil
U.K. Government.....	3,600 "T" cutters (demolition equipment).....	123,200	31,289
U.K. Government.....	120,000 detonators, percussion and other minesweeping equipment.....	116,697	nil
U.K. Government.....	2,776 shells, H.E., 971 bombs, H.E., 10,410 rocket motors and other aircraft ammunition stores.....	455,987	nil
U.K. Government.....	1,818 anti-submarine projectiles and other ammunition stores.....	409,024	75,426
U.K. Government.....	Miscellaneous ammunition and related products.....	73,143	52,369
U.K. Government.....	510 mines, components and accessories.....	267,896	nil
Canadian Arsenals Limited.....	3,000 depth charges.....	433,410	164,460
Canadian Arsenals Limited.....	20,660 anti-submarine projectiles.....	1,205,552	nil
U.S. Government.....	200 depth charges.....	34,918	31,600
U.S. Government.....	3,000 smoke shells.....	39,079	39,079
U.S. Government.....	25,000 drift signals.....	115,500	115,500
U.S. Government.....	6,000 hand grenades.....	45,156	45,156
T. W. Hand Fireworks Co. Ltd.....	27,864 grenades.....	138,428	50,068
U.K. Government.....	5,100 pyrotechnic items.....	35,843	nil
U.K. Government.....	destruction and demolition equipment.....	40,000	nil
T.W. Hand Fireworks Co. Ltd.....	70,096 signal cartridges.....	74,950	nil
T. W. Hand Fireworks Co. Ltd.....	54,240 signal cartridges and other pyrotechnic equipment.....	160,552	nil
T. W. Hand Fireworks Co. Ltd.....	40,000 pyrotechnic cartridges.....	28,080	17,201
		5,498,635	622,148

\* See footnote on final page.

## 7. MISCELLANEOUS ORDNANCE AND ORDNANCE MATERIAL

Major orders placed for miscellaneous ordnance material in the period April, 1950 to November, 1951 was \$396,381. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.S. Government.....	57 portable flame-throwers and accessories.....	68,176	68,176
U.S. Government.....	50 linking machines.....	53,932	53,932
U.S. Government.....	12,332 bayonets with scabbard, 9,480 knives.....	129,704*	
U.S. Government.....	670 depth bombs Mk 54.....	144,569	144,569
		396,381	266,677

## 8.—AIRCRAFT

The main orders for the aircraft program, including repair, overhaul and modification in the period April, 1950 to November, 1951 amounted to \$788,585,635. Some of the main orders are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.K. Government.....	20 Dakota aircraft.....	840,000	nil
Babb Company.....	7 Dakota aircraft.....	664,125	131,250
Leeward Aeronautical Corp.....	2 Dakota aircraft.....	180,000	357,000
U.S. Government.....	48 Fairchild C-119c aircraft and 72 Pratt and Whitney 3350-30W engines.....	38,633,280	1,234,322
DeHavilland Aircraft Co. Ltd.....	2 Comet jet transports.....	3,500,000	841,687
Bristol Aeroplane Company of Canada.....	3 Bristol type 107 Mk 31 aircraft..	714,750	488,412
Canadian Pratt and Whitney Aircraft Co.....	1 Sikorski S-55 helicopter.....	218,320	54,580
Bell Aircraft Corp.....	3 Bell helicopters.....	110,989	89,619
U.S. Government.....	6 Piasacki helicopters.....	2,436,000	nil
Canadian Car & Foundry Ltd.....	200 Harvard IV trainer aircraft...	13,050,000	4,493,956
Canadian Car & Foundry Ltd.....	300 Harvard T6J trainer aircraft..	22,800,000	nil
Canadian Pratt & Whitney Aircraft Co.....	1,000 R1340 aircraft engines.....	15,000,000	nil
Aircraft Industries of Canada Ltd...	10 Harvard trainer airframes.....	220,000	208,080
U.S. Government.....	20 T-33A aircraft and 100 spare engines.....	4,874,976	4,874,976
Canadair Limited.....	576 T-33A aircraft.....	69,000,000	nil
Rolls Royce Limited.....	900 Nene engines.....	33,355,350	nil
U.S. Government.....	88 B-25 Mitchell dual pilot trainers and 12 B-25J Mitchell A1 trainers	14,049,300	12,984,246
Beech Aircraft Corp.....	100 Expeditor 3N aircraft.....	9,291,968	7,353,099
Beech Aircraft Corp.....	53 Expeditor 3NM and 47 Expeditor 3TM aircraft.....	7,985,940	2,992,912
Beech Aircraft Corp.....	80 Expeditor 3NM aircraft.....	5,763,511	572,920
DeHavilland of Canada.....	37 Chipmunk trainers.....	524,956	524,956
Orders classified for security reasons		545,372,261	119,802,542
		788,585,635	157,004,557

\* See footnote on final page.

## 9.—SHIPS

Major orders placed in the shipbuilding program in the period April, 1950 to November, 1951 amounted to about \$167,653,448. The list does not include the "pool orders" contracts as such placed by the Department, but the estimated value does include the value of such items as propulsion machinery ordered for all the escort vessels through one supplier. The main orders are listed as follows.

Supplier	Item	Estimated Value	Expenditure
Burrard Drydock Co. Ltd.	3 anti-sub escort vessels	\$ 24,000,000	\$ 1,357,888
Canadian Vickers Ltd.	3 anti-sub escort vessels	24,000,000	2,159,250
Davie Shipbuilding & Repair Company Limited	1 anti-sub escort vessel	8,000,000	nil
Halifax Shipyards Ltd.	3 anti-sub escort vessels	24,000,000	1,172,824
Marine Industries Ltd.	2 anti-sub escort vessels	16,000,000	115,515
Victoria Machinery Depot	1 anti-sub escort vessel	8,000,000	49,429
Yarrows Limited	1 anti-sub escort vessel	8,000,000	nil
Canadian Shipbuilding & Engineering	1 Minesweeper	925,000	349,357
Canadian Vickers Ltd.	1 Minesweeper	925,000	925,000
Geo. T. Davie & Sons Ltd.	1 minesweeper	925,000	494,735
Davie Shipbuilding & Repair Company Ltd.	3 minesweepers	2,775,000	2,065,441
Davie Shipbuilding & Repair Company Ltd.	Detail and working drawings for one minesweeper	250,000	250,000
Marine Industries Ltd.	1 minesweeper	925,000	562,967
Port Arthur Shipbuilding Co.	2 minesweepers	1,850,000	1,010,600
Victoria Machinery Depot	2 minesweepers	1,850,000	1,175,152
Yarrows Limited	1 minesweeper	925,000	414,639
Marine Industries Ltd.	1 icebreaker	12,750,000	6,237,009
Burrard Drydock Co. Ltd.	1 gate vessel	500,000	466,062
Geo. T. Davie & Sons Ltd.	1 gate vessel	500,000	432,630
Saint John Drydock Co. Ltd.	2 minesweepers	1,850,000	900,435
Pictou Foundry & Machine Co. Ltd.	1 gate vessel	500,000	284,492
Victoria Machinery Depot	1 gate vessel	500,000	420,496
Saint John Drydock Co. Ltd.	1 loop layer and tug	2,400,000	nil
Geo. T. Davie & Sons Ltd.	1 loop layer	700,000	nil
Pacific Drydock Co. Ltd.	1 lighter	500,000	nil
Halifax Shipyards Ltd.	conversion and refitting of 1 minesweeper and 1 patrol ship	537,948	44,418
Marine Industries Ltd.	Purchase of 16 frigates and 18 minesweepers	1,982,500	202,018
Canadian Vickers Ltd.	conversion of 3 frigates and refitting	2,439,000	469,895
Saint John Dry Dock Co. Ltd.	conversion of 3 frigates and refitting	2,439,000	342,191
Canadian Vickers Ltd.	conversion and refitting of 1 minesweeper	475,000	84,665
Davie Shipbuilding Co.	Repair & refitting of 1 minesweeper	475,000	nil
Geo. T. Davie & Sons Ltd.	conversion and refitting of 2 minesweepers	950,000	292,164
Geo. T. Davie & Sons Ltd.	conversion and refitting of 2 frigates	1,626,000	40,725
Davie Shipbuilding & Repair Co. Ltd.	conversion and refitting of 2 frigates	1,626,000	188,378
Halifax Shipyards Ltd.	conversion and refitting of 3 frigates	2,439,000	250,136
Marine Industries Ltd.	conversion and refitting of 3 frigates and 3 minesweepers	3,864,000	442,291
Montreal Drydocks Ltd.	conversion and refitting of 2 minesweepers	950,000	164,610
Pictou Foundry & Machine Co. Ltd.	conversion and refitting of 2 minesweepers	950,000	83,829
Saint John Drydock Co. Ltd.	conversion and refitting of 2 minesweepers	950,000	111,545
Steel and Engine Products Ltd.	conversion and refitting of 2 minesweepers	950,000	146,018
Lunenburg Foundry Co. Ltd.	Rehabilitation of 2 minesweepers	500,000	88,228
Bruce Stewart Co. Ltd.	Conversion and refitting of 2 minesweepers	950,000	63,284
		167,653,448	23,858,316

\* On these items payments totalling \$46,495,890 have been made to the United States Government against bulk orders. These payments cannot be completely allocated to specific items at the present time.



## APPENDIX O

(By M. ADAMSON)

1. What expenditure has been made either directly by the Department of Defence Production or by contractors supplying defence material either in the raw state, as component parts or as finished articles, for Customs Duties paid bringing the material into Canada?
2. What has been paid for the same material in the form of Excise or Sales Taxes?

(Letter of December 13, 1951)









Canada. Defence Expenditure  
Special Committee on, 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

(Second Session)

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, APRIL 24, 1952

WITNESSES:

Mr. M. W. Mackenzie, Deputy Minister, Mr. K. O. Grant, Director, Mechanical Equipment Division, Department of Defence Production, and Mr. C. M. Drury, Deputy Minister, Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952



ORDER OF REFERENCE

WEDNESDAY, April 23, 1952.

*Ordered*,—That the name of Mr. Dinsdale be substituted for that of Mr. Pearkes on the said Committee.

*Attest*

LEON J. RAYMOND,  
*Clerk of the House.*



## MINUTES OF PROCEEDINGS

THURSDAY, April 24, 1952.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Present:* Messrs. Benidickson, Bennett, Blanchette, Campney, Churchill, Croll, Dickey, Dinsdale, Fulton, Gauthier (*Portneuf*), Harkness, Henderson, James, Jones, Larson, Macdonnell (*Greenwood*), Power, Stewart (*Winnipeg North*), Stick, Thomas. (20).

*In attendance:* Messrs. Mackenzie, Grant, Beaupré and Miss Addison of the Department of Defence Production; Messrs. Drury and Wright of the Department of National Defence.

The Chairman announced that Mr. Dinsdale had replaced Mr. Pearkes on the Committee.

He tabled a corrected return which will appear as Appendix No. 5 in No. 1 of the printed minutes of proceedings and evidence.

Messrs. Mackenzie, Drury and Grant were called.

Mr. Harkness raised the question of the Petawawa Camp thefts and quoted from House of Commons Debates of April 21st, in particular the statements of the Minister of National Defence and the leader of the opposition.

After discussion thereon, it was decided to refer Mr. Harkness's proposal to the Sub-Committee on Agenda. Thereupon, the Chairman called a meeting of this Sub-Committee for 2.30 o'clock p.m., this day.

Mr. Macdonnell referred to a return filed on April 22, concerning an order for serving forks, and claimed the privilege of examining the witness thereon. After debate, the Chairman ruled that questions on this return as well as other general questions, and questions of Mr. Fulton be deferred, in accordance with the recommendation of the Sub-Committee on Agenda adopted by the Committee.

The Committee then resumed its examination on the return "Canadian Defence Orders".

As requested at the last meeting, Mr. Grant gave answers to questions asked at the last meeting and was examined thereon.

Additional detailed comparative information on cost of tanks, component parts, etc., was ordered produced.

At 1.05 o'clock p.m., the Committee adjourned until Tuesday, April 29, next, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*



## EVIDENCE

APRIL 24, 1952

11.00 a.m.

The CHAIRMAN: Gentlemen, there has been a change in the personnel of the committee. Mr. Dinsdale is replacing Mr. Pearkes.

At the last meeting a revision of Appendix "J" was filed which had reference to pages 132 and 133 in the Minutes of Proceedings of the third meeting of the Special Committee on Defence Expenditures last year. It seems that it was being misunderstood and in the interests of clarity I am filing a revision this morning. (*See Appendix No. 5 in No. 1 minute's of proceedings and evidence*).

Mr. HARKNESS: That is the one we received a copy of?

The CHAIRMAN: Yes.

Mr. HARKNESS: There is a question I would like to raise. I do not want to interrupt the program of work for this committee which we agreed on before Easter and which you outlined again at the last meeting, but there is one matter which I think it is our duty to investigate immediately. I think the general public will consider that we are probably remiss in our responsibilities if we do not go into it without delay. I refer to the thefts at Petawawa and the misgivings which that has aroused right across the country as pointing to carelessness and incompetent administration. The Minister of National Defence practically invited us to make this investigation when he spoke in the House of Commons on Monday last, and I will just quote what he said. It is at page 1424 of *Hansard* of that date, April 21:

In conclusion I would like to add that if in the course of its work the select committee on defence expenditure would like to look into the stockkeeping, accounting or auditing procedure, or any other matter relating to its work, on the spot and anywhere, all facilities will be provided.

Now, I feel it is probably our most urgent task at the moment to go into this matter, which has disturbed and is unquestionably agitating people right across the country.

The CHAIRMAN: Mr. Harkness, will you also, for the purpose of the record, read the remarks made by the Leader of the Opposition with respect to this suggestion. It will make it easier for us to discuss it when we do. Read his remarks, too.

Mr. HARKNESS: Which remarks?

The CHAIRMAN: You could start right from where Mr. Drew starts.

Mr. HARKNESS: I am reading what Mr. Drew said:

Mr. Speaker, since the subject has been introduced at this time, and since hon. members are anxious to know as much as they can about the circumstances which have been disclosed, I feel I should point out that it is not within the competence of the minister or of any other member of this house to vary the terms of reference of a committee which has been set up to discuss defence expenditure. Therefore I ask leave to move, seconded by the hon. member for Lake Centre (Mr. Diefenbaker), under standing order 31, . . .



The CHAIRMAN: I agree with the importance of this matter, I think the best way to deal with it is to call a meeting of the steering committee at two o'clock this afternoon or, say, 2.30, and then we will decide what steps we ought to take.

Mr. HARKNESS: Well, I had a few other remarks I wanted to make—

Mr. STICK: Excuse me—

The CHAIRMAN: Just a minute.

Mr. HARKNESS: —and a few suggestions.

The CHAIRMAN: Let me point this out. This is what puts the committee off on the wrong track. We decide upon a course of action, someone comes in and makes a presentation, no opportunity to answer, no opportunity to investigate. Now you have made the request that a certain course of action be undertaken. I suggest that the agenda committee deal with it this afternoon immediately after this meeting and then you can make whatever remarks you want to. You are a member of the committee, so you will be able to present it to us and in the light of our decision you will be able to make whatever remarks you like, but by that time we will all know what your purpose is.

Mr. HARKNESS: Well, that is the reason I would like to make these further remarks in connection with the matter.

The CHAIRMAN: You realize, Mr. Harkness, your words go out across the country as having been made. No one has an opportunity to reply. No one has an opportunity to present the other side of the case, because members did not know that you were going to make this representation, but they will be able to express an opinion in the light of our recommendation, whatever recommendation we make.

Mr. HARKNESS: That is why I wanted to bring up this matter, so that people could give us their opinions as to whether we might proceed along this line or not.

The CHAIRMAN: The agenda committee will have the information before them. Let us assume the agenda committee agrees with you, then you can make any remarks you care to. Assuming they do not agree with you, then you can still continue by way of a motion and make any remarks you want to. But for the moment I think we ought to let the matter stand and deal with it in that fashion.

Mr. HARKNESS: I think I can be allowed to put forward the suggestions I wish to make.

The CHAIRMAN: All right.

Mr. HARKNESS: It seems to me the most important feature of this thing is probably not the amount of the thefts themselves and so on, which perhaps most of the newspaper publicity wrote up, though the amount may, on investigation, prove much greater than the minister has so far been led to believe. However, I think the important thing in this is that these thefts and occurrences might have been going on for months without being detected, and it is thoughts like that which are disturbing the general public. It seems to show an inefficiency in our military set-up—

The CHAIRMAN: I do not like to shut you off, and I am not going to do that, but I am going to ask you to realize that you have made a suggestion to the committee, that the committee talk over the offer made by the minister to investigate whatever they felt they should investigate, you suggest Petawawa. I am suggesting now that the matter be referred to the steering committee this afternoon. I think that should end the matter for the time being, until the steering committee brings in a recommendation, at which time you will be able to speak to a motion.

Mr. HARKNESS: I have four suggestions—

The CHAIRMAN: You were not making suggestions, you were making charges.

Mr. HARKNESS: I was not making charges, I was making explanatory—

Mr. STICK: Are we to decide procedure here or are we going to discuss this matter? If we are going to decide procedure, all right; but if we are going to discuss this matter we have to get on with it. I am not trying to shut off any investigation, but if we are going to work here to a system I think we should stick to the system so that we know where we are going and what we are going to discuss when we come to a meeting.

Mr. MACDONNELL: Can there be any objection to hearing Mr. Harkness's suggestions? Are you pronouncing judgment as to the making of suggestions regarding procedure?

The CHAIRMAN: That suggestion would go better before the steering committee and then it will come back to the whole committee. I said I would call a meeting of the steering committee for 2.30 this afternoon, in room 497.

Now, gentlemen, we will go on with our regular business.

Mr. MACDONNELL: There is one other thing that should be brought to the attention of the committee before we go on with the regular business, and that is in connection with the answer which I have received and which I understand other members of the committee have not received, evidently because it was a question asked by myself. The answer I received is to a question I asked in committee on December 13. At that time I pointed out that there had been an invitation to tender for some 63,000 serving forks. A response then said it had been reduced to 42,000. I said that I had made inquiries of hotels and other places, which informed me that this was an unusual article and that even 42,000 was a fantastic number to order. I now have an answer which is quite brief and I think I should read it.

The CHAIRMAN: I do not think you need to read it because it is in the record.

Mr. MACDONNELL: Let me summarize it, then.

The CHAIRMAN: The answer is in the record.

Mr. MACDONNELL: I hope you are not going to close me off here.

The CHAIRMAN: The answer to your question was filed for the record yesterday at the same time you received the copy. It is a customary thing to send a copy to the member who asked the question.

Mr. MACDONNELL: I want to be allowed to comment on this answer because it merely says the order has been reduced from 63,000 to 42,000 and now to 14,000. There is no explanation given as to why these fantastic figures got ordered. There is no suggestion in the answer that this was just a routine mistake, and if it was explained that way I might be satisfied. I suggest this committee is entitled to some explanation regarding these astounding figures.

The CHAIRMAN: You will have an opportunity to question someone at the appropriate time on that matter, Mr. Macdonnell.

Mr. MACDONNELL: This is the appropriate time. The proper time is when the answer is given; unless this is a whitewash factory, this is the appropriate time.

The CHAIRMAN: Mr. Macdonnell, it is unfair for you to talk about a whitewash factory. You received an answer to your question.

Mr. MACDONNELL: I want now to comment on the answer.

The CHAIRMAN: You have no right to comment until such time as we reach that item. At the present time we are on armaments.

Mr. MACDONNELL: I suggest that this is just putting this into cold storage and then forget about it. Here is the answer which was given. I now have the answer and I submit that I should be allowed to ask whether this is routine, whether there has been any criticism made of anyone by reason of a fantastic mistake which no one with common sense should ever have made, and I think in the interests of all concerned that we should know now, for instance, if there is an explanation. The whole thing looks to me quite fantastic, and I suggest we should know now whether there is any explanation of this.

The CHAIRMAN: This morning, Mr. Macdonnell, we are proceeding with mechanical equipment, including transport; and from there to armament, and then armament, aircraft, and armament, ships. We will be very glad if you will bring that matter up before the agenda committee and we will fix a time to hear it.

Mr. MACDONNELL: I do not generally use strong words, but I think this is just shelving it by tucking it away.

The CHAIRMAN: Well, you have kept it alive.

Mr. MACDONNELL: I did not get much help from the chairman.

Mr. FULTON: May I raise a point of order. I am not going to start a controversy, but I see the question I want to raise is one which perhaps should be discussed later, and if so then you might indicate the proper time. I want to raise a question as to what means we can use and at what time we should ask about other things besides those which are included in this document, "Canadian Defence Orders". In this document there are only certain types of equipment listed and I refer particularly to the passage which says on page 1:

In general, orders for electronic equipment have been excluded, partly because of the highly technical nature of the equipment and partly because information on many types of electronic equipment cannot be divulged on grounds of security.

I would like to ask a few questions on some of that type of equipment and particularly about radar stations. The wording of this document presents obvious difficulties. I would like to know the proper time to raise questions of that nature, or whether we are to be excluded from asking any questions on that type of equipment.

The CHAIRMAN: That was not the intention of the agenda committee. For your information, here is what we agreed on. It was thought that we should deal in the following order with these matters: mechanical equipment, including transport; ordnance, workshop and tanks; armament, armament aircraft, armament ships; construction and acquisition of property; clothing and personnel equipment; pay allowances; civilian salaries; and miscellaneous. Then we would proceed to deal with the first four at this time and the agenda committee would lay down a further agenda for dealing with matters you suggest. You can suggest what you wish to your two members on the committee and we will discuss it as soon as we make some progress with the present agenda.

Mr. FULTON: I take it, then, it has been decided that in our questioning on equipment and construction, we are confined only to the things that are listed in this document.

Mr. BENIDICKSON: This is something that was dealt with as a result of the steering committee making a report at the last meeting. Neither of the members who have spoken were here. I know none of us can be at all committee meetings, but I think these questions should be addressed to you personally, Mr. Chairman, or to the clerk, and then the record can be proved before the questions are brought up in the meeting.



Mr. STEWART: I should like to refer to Mr. Macdonnell's question. If we bring in extraneous records every day we will get hopelessly bogged down, but when an answer is submitted to a member of this committee and he wishes to ask some further questions on it, I think it might be advisable to have these questions disposed of first thing at the next available meeting. The remark has been made that this might be put into cold storage. To avoid that thought I think we should consider very seriously the answering of questions arising out of the questions that have been submitted.

The CHAIRMAN: Raise it this afternoon. You will be there at the steering committee meeting.

Mr. HARKNESS: In connection with the subject Mr. Fulton brought up in regard to wanting some information about radar. I would like to point out that at the meeting of the steering committee we decided that if anyone had any questions to ask, the officials could get information on it to present at a later time, and a member would be free at any time to ask those questions so the answers could be made ready for a later time.

The CHAIRMAN: That is what I said to Mr. Fulton.

Mr. FULTON: I understood that you suggested the proper procedure would be to take it up with our representative on the agenda committee as to the proper time. I do not want to raise this whole question of radar now and I would be prepared to do what you suggest; but I wished to give notice now that I want to ask some questions about it and will do so so that the departmental officials can be preparing the answers. I am not going to prolong the controversy, but I think the remarks of Mr. Benidickson can not be taken at more than their face value—I think it is quite proper for a member at this stage to give notice that he wants to ask questions on a certain matter.

Mr. DICKEY: Mr. Chairman, I think we are talking about two different things here. The agenda committee decided that if any member at any time had any specific question on any subject that it should be asked and the answer would be prepared, but so far as asking questions in the committee and having a general discussion on particular subjects, that that should be done in accordance with a list of subjects which would be laid down by the agenda committee, and that, to my mind, is the only way that the proceedings of this committee can be properly organized, and certainly nothing that you have said has been contrary to that decision.

The CHAIRMAN: At the last meeting, if you turn to items 490, 491, 492 and 493, dealing with buses, a request was made for comparative figures. Mr. Grant was to bring us the answer. Mr. Grant is the director of the mechanical division.

Mr. K. O. GRANT: A question was raised about the obvious comparison in prices on these three items, all placed with the same firm, two for the army and three for the air force. Actually the orders were placed on the purchase price of \$14,500. That is borne out on items 491 and 493 by multiplication. Item 492 was placed at that price, but due to unavailability of engines a request was approved by the service—in this case the air force—to utilize another engine, which resulted in a saving of \$102 per unit, and you will find that this is the extension of that.

Mr. HARKNESS: What about item No. 490, 5 buses, \$39,379, which is about \$8,000 apiece, whereas the one above is \$14,500?

Mr. GRANT: Items 491, -2 and -3 are identical buses, except for the engine in the case of 492. On 490 it was actually a three-ton truck chassis on which they installed a bus body. It is not the same type of bus you have in the other three items. That is far removed and the price of that one is much lower than the other three.

The CHAIRMAN: The other outstanding question, I think, was what tanks have been ordered since January 31 of this year. Have you the answer to that, Mr. Grant?

Mr. GRANT: The date of this report you are reviewing is the end of January. We have two orders since that time, one for 20 tanks, dated March 1, 1952, and an additional order for 10 more, dated February 26, 1952.

Mr. HARKNESS: What kind are those, Centurions?

Mr. GRANT: Ten were.

Mr. HARKNESS: And the 20?

Mr. GRANT: No, sir, the 20 are American tanks.

Mr. CHURCHILL: What type of American tank?

Mr. GRANT: I have the model, it is M 4 A2.

Mr. STEWART: What kind of tank is it?

Mr. GRANT: I cannot tell you.

Mr. STEWART: Is it comparable to the Centurion?

Mr. DRURY: The M 4 A2 is a military designation of the modified Sherman tank.

Mr. STEWART: And that tank costs approximately \$148,000?

Mr. DRURY: I am not sure of the arithmetic on that.

Mr. STEWART: I am going by the information contained in item No. 143.

Mr. CHURCHILL: Is that the General Patton tank, so called?

Mr. DRURY: No, the General Patton is yet another tank.

Mr. CHURCHILL: That is the A 46, General Patton?

Mr. DRURY: That is called the M 48, the General Patton.

Mr. STEWART: If the British Centurion tank is comparable to the Sherman, why did we spend \$60,000 extra on the Sherman tanks in the United States?

**M. W. Mackenzie, Deputy Minister, Department of Defence Production, called:**

The WITNESS: On these comparative costs, a great deal of discussion has taken place on the difference between the price of \$80,000 or \$88,000 on one piece of equipment and the cost of another piece of equipment at \$140,000 or \$150,000. I would just like to repeat that it is very difficult to compare these articles from this sketchy information. I can only remind you that there are five-passenger automobiles that vary all the way from \$2,500 to \$5,000 in price. The same thing applies to every piece of mechanical equipment that you may buy. You find variations. In a short description two items may appear as the same thing, but they may be quite different; one would have to get the full details of the order to be sure that you are comparing like with like. One order may have a bigger supply of spares, one order may call for two years' spares, another for one year's supply of spares, and still another for a smaller supply of spares. One order may call for the item to be equipped with radio, and the other may not. When we are discussing orders that are in process, as we are here, because many of these orders—and I am speaking now generally, not of these particular purchases but generally—are in the process of being filled, it is a fact that you do not know the exact final cost of the completed unit until some time after the transaction has been completed. I just do not want too much emphasis to be placed on the difference between the \$80,000 and \$140,000, because I am sure it is not a valid comparison.

Mr. STEWART: These are the only figures we have before us and we go on the basis of these figures. I do not question for the moment what Mr. Mackenzie

says, but I refer again to what I mentioned here the other day, that I think it will be in our national interest to purchase as much from allies who can give us comparable fighting equipment, and on the basis of these figures the two tanks appear to be priced \$60,000 apart; therefore, it would be a better investment to buy in the United Kingdom.

**THE WITNESS:** A question of that sort can very properly be investigated and we can come up with an answer. What I am anxious to do is, to make clear that these figures were put down in the original instance to try and give a brief idea of the size of the program, the general magnitude of what we are undertaking, but they are not capable of detailed comparison. When a question comes up such as the one that did come up on mechanical vehicles the other day, we were able to say that the cost of manufacturing jeeps and three-quarter-ton trucks and 2½-ton trucks in Canada was within 3 per cent of the cost if they had been purchased in the United States. Now, we can get that type of information in respect to any contract the committee is interested in, but it would be a tremendous undertaking to try and get the data in that detail in respect to all of these items. I just ask that if you are addressing yourself to this question of the comparative costs and any particular comparison is wanted, we would have to go back to the files to get more information than there is in this document.

**MR. STEWART:** If it is not going to cause too much trouble we could go into that detail, but I do not see days spent by civil servants doing this sort of work.

**MR. HARKNESS:** It seems to me one of the essential things here as far as cost is concerned is, and it is generally admitted in the United States even that a Centurion tank is a much better fighting vehicle than the Sherman tank and, therefore, it would seem very foolish to pay more for Sherman tanks than Centurions.

**MR. STICK:** We only bought one, did we not?

**MR. HARKNESS:** No, twenty.

**THE WITNESS:** That question raises considerations of supply, availability, and a number of other questions, which are matters that involve not only our department but the Department of National Defence. The decision to use a certain tank, the question of whether a certain tank is satisfactory is a matter that has to be answered by National Defence. Again, we can look at every individual contract that the committee wants to get an answer about.

**MR. HARKNESS:** I think the Department of National Defence will agree that a Centurion is a better fighting vehicle than the Sherman.

**MR. CAMPNEY:** I do not think this is the place to get into a discussion of that kind.

**MR. MACDONNELL:** Mr. Chairman, I find it rather perplexing, although I accept fully what Mr. Mackenzie has said, and agree that we cannot ask for information to the point that the thing becomes such an involved task that we do not get anything, but, on the other hand, it seems to me at the present time we might almost just as well not be here. We ask a question with regard to an apparently great discrepancy, but when it comes to an explanation we are told we have not given you all the information because of extra parts in one contract but not in the other, one contract calls for radio and the other none; but the fact still remains we cannot exercise any judgment at all, and there is no point in reading that set of figures.

**THE WITNESS:** I said that these cost figures are not final figures and you should not base too much on them.

**MR. MACDONNELL:** Now, if the difference in price between these two tanks was \$2,000 or \$3,000, I could see that his caution is a perfectly valid caution,



but if I have the figures right, there are tens of thousands of difference here. Surely there is not a difference of so much between these British and American tanks that they are worth \$60,000 more. If that is so, I think we are wasting time.

The CHAIRMAN: What information would you like, Mr. Macdonnell?

Mr. MACDONNELL: I come back to what I said before. At the present time we are told in general by the department that the reason for some of these differences is because, as Mr. Mackenzie said, there would be spare parts and what not, and that is the explanation. In other words, we compare two things which are not the same, but surely from what was said we cannot make any comparison at all and we are just wasting our time if when a question of this kind arises we are told they are not the same and therefore there is a difference between any prices.

The CHAIRMAN: Let us move one step further. What information in particular is it that you require? Would you like to see the contract and compare the contract for Centurions with the contract for American tanks?

Mr. FULTON: I think, Mr. Chairman, that one of the questions that arises is why was it decided to take a Sherman instead of Centurion when one is \$60,000 more expensive than the other.

Mr. BENEDICKSON: We discussed this at the last meeting, Mr. Chairman.

Mr. DICKEY: My recollection is pretty good of what was said at the last meeting and there was a very full discussion of that. It was my impression that all the members of the committee who wished to, asked questions, and they got answers. Now, if Mr. Macdonnell and Mr. Fulton, or other members of the committee, want further details with respect to item 402, which is the contract for the supply of some 50 Centurion tanks from the United Kingdom government, and contrast it to those supplied under contract 403, that is a question that the officers of the department are here to answer, and I am sure they will answer the question.

Mr. HARKNESS: What we were talking about this morning are these further orders, as asked for at the last meeting, and we find 20 American Shermans and 10 Centurion tanks, and the question that is asked is why were these 20 tanks bought in the United States, costing as they did so much more than the United Kingdom tanks?

Mr. DICKEY: I am not sure that we have got the cots on this contract.

The CHAIRMAN: Mr. Grant, do you know the reason?

Mr. GRANT: Estimated only.

Mr. HARKNESS: In answer to Mr. Stick, it was said that these were the \$148,000 tanks.

Mr. STICK: I do not know what the new tanks are going to cost us.

The WITNESS: I think what we better undertake to do is this: we better undertake to make as good an estimate as we can at this stage of what these tanks are going to cost. It will not be a final figure but it will have more detail than we have here. We know to start with that the Centurion tank is somewhat cheaper but nothing like as much cheaper as appears from these figures. However, we can make as good an estimate as we can and bring it to the committee.

Now, the second question, as I understand it, is why were American tanks, which are more expensive than the United Kingdom tanks, bought under a particular order, and that is a question that we would have to ask National Defence to answer.

Mr. HARKNESS: Well, they are here.

Mr. DRURY: The explanation of the purchase of the Sherman tanks is that the forces in Korea required additional tank support and the only tanks available in the Korean theatre were Sherman tanks in the possession of the United States, and we obtained from the United States Army 20 Shermans for operational use and one Sherman for training, a total of 21, and this is what this contract represents.

Mr. HARKNESS: That is a perfectly satisfactory explanation. That clears the point up as far as I am concerned. I think if we proceed on that basis we will make a lot more progress.

The CHAIRMAN: If you will ask questions instead of making observations I think we will get along pretty well.

Mr. MACDONNELL: What we need is answers to questions.

Mr. CHURCHILL: May I point out that at our last meeting before Christmas I had asked this identical question as to the difference in price between the American and the English tanks, and the answer that was given earlier was that they were not comparable. Someone suggested I should not have asked the question. This is the type of answer we want, that they were bought for a particular purpose.

Mr. BENIDICKSON: Is the explanation not in respect to tanks that were purchased after Christmas?

The CHAIRMAN: Yes.

Mr. HARKNESS: There is one point in connection with what Mr. Mackenzie said. He said that the figures down here will show a much greater difference in price in these American tanks and the British tanks than will actually be the case. Well, if that is the case, what use are these figures?

Mr. DICKEY: May I comment on that.

The CHAIRMAN: Please permit Mr. Mackenzie to answer.

The WITNESS: In listing a large number of these contracts in a few pages, as we are trying to do here the best thing we could do was this:—you will notice that we have headed the column "Estimated value of contract". We have not said "cost" or "price." The only figure that we could put in the list is the figure that was available at the time the contract was let. The purpose of these figures is to give a general indication. Now, if those figures suggest pursuing the detail, we can get more details. For any items on this list we can get the detail of what lies behind these figures, but when we are in a changing situation such as we are in, with costs changing all the time, if we sat down and made a revision of this estimate today it might well be completely out of date a month from now. It did not seem worth while trying to make a new estimate that, by the time it got to the committee, would probably be out of date. This list is just an indication of the size of the program and that was the purpose for which these figures were put in, and that, I understood was the real purpose of the question in reply to which this list was tabled.

We can examine any one of these items that the committee may wish.

Mr. DICKEY: I would like to make a comment on this point, and that is that we are dealing with a report which covers a tremendous amount of ground and is necessarily in very general terms. In this particular instance the figures deal with the only thing that is possible to have at the moment, and that is an estimated value or an estimated amount of what the particular equipment is going to cost, but in each individual instance the materiel or the equipment has to be secured from a supplier. In the instance of these tanks the suppliers are in one case the United Kingdom government and in the other case the United States government. Now, it is not possible for us to arrange exactly the same terms of purchase with those two governments or to arrange for the



supply of exactly the same spares and replacements and that sort of thing for United States and United Kingdom equipment. There may be differences in the number of spares, the type of equipment available, and it is not feasible in a general return to deal with all those individual variations between the various contracts. What has been attempted here is to give the committee the most complete and revealing general information that is possible, and, as the deputy minister pointed out, if the figures that have been given raise questions in the minds of the committee, then those can be dealt with in the individual cases, but I do not think it is possible on a general basis to go any further than we have gone and it certainly is not possible to arrange contracts with various suppliers on an absolutely similar basis so that there will be an automatic and convenient comparison. I think that is the situation, that is the problem we are dealing with. If the questions that are necessary will be asked, I am sure they will be answered.

Mr. HARKNESS: To deal specifically with these figures in relation to what has been said, were the contracts for these United Kingdom Centurion tanks, amounting to \$4,411,300, not a definite firm contract, a fixed price?

The WITNESS: Firm in the sense we are committed to buy, but not firm in the sense of a final complete price.

Mr. HARKNESS: In other words, you were not quoted a definite price. This price shown is an estimated price?

Mr. GRANT: It is only a provisional price we have at the moment and it will be some considerable time before we get a firm price because of the equipment needed and time of delivery, and other changes may come in. It is only a provisional price we have shown here.

Mr. HARKNESS: But when the contract was entered into there must have been a discussion on price and a tentative price quoted?

Mr. GRANT: That is what we have, a tentative or provisional price.

The WITNESS: There are a lot more things involved than the price shown here. There is transportation, packaging, spares, and you have to examine the individual contracts if you are going to try to make an intelligent comparison of the ultimate costs. It is agreed however that when all those extras are added onto the Centurion tank, it is still going to be somewhat cheaper than the American tank.

Mr. HARKNESS: I would say the word "somewhat" is a bit misleading there. The figure we have is a difference of some \$60,000.

The WITNESS: I think we ought to bring in an estimated cost of the Centurion tank laid down in Canada.

Mr. DICKEY: And on the same basis with respect to spares and any other extra equipment as would be to spares and any other extra equipment as would be included on a United States government order.

The WITNESS: We can make an estimate of what the laid down cost will be.

The CHAIRMAN: They want a little more than that. I think what this committee wants, Mr. Mackenzie, is more detail. Show us what goes into a Centurion tank by way of special equipment, what goes into the American tank by way of special equipment, and then indicate the prices. We will then have an idea of what the comparative prices are.

Mr. CHURCHILL: Could we have the respective weights of those tanks, and the gun equipment.

Mr. DICKEY: They were given at the last meeting.

Mr. HARKNESS: All we had was the figure of 55 tons as against 50 tons, but what Mr. Churchill wants is weight and guns as an example. I think Mr. Dickey's remarks are not applicable.



Mr. MACDONNELL: I think we all recognize that buying tanks and other military equipment is not like going to the A & P and buying a pound of tea, but, on the other hand, however much one is prepared I find myself a little surprised to know how far we seem to be at large and I would like to propose, not at the moment, but I understand a little bit more of this now, but surely we have not any ground to stand on at all. There must be any number of contracts with private makers in the United States and Britain that have some firm features attached to them. There may be some gadgets which may have to be bought on an as, if and when basis. If what Mr. Mackenzie said is taken at its face value, it seems to me we have not contracts at all but something in the nature of an intention to do business with each other, a committal on our part. But surely we are not left absolutely at large as to price and then, as Mr. Mackenzie has already indicated with regard to these two types of tanks, even when adjustments are made there is a substantial margin.—A. When a commitment to buy is undertaken, there is as part of the commitment an agreement as to the basis on which a price will be determined. That might be related to one or more of a number of things. Quite frequently the best basis you can get is an assurance, in buying from a manufacturer in a foreign country, that you are getting the same price, the same advantageous price, as is paid by his own government. That might be the basis. Alternatively it may be that you will get an agreed price for the costs up to a certain state of manufacture, and a different basis for the work thereafter. It may be that you will get an agreed price, but you may want special equipment added. We agree on the basis of price for an article under certain specified conditions. When we get a firm price though, we see that the extras will be added on an agreed basis of cost that is, on a basis of what the supplier charges to their most favoured customer. In buying this type of complicated equipment, you cannot get a specific price. So the best you can do is to set a basis of price. Very frequently that is what we do. But if Mr. Macdonnell would like it, we could bring a few contracts here to show how we go about establishing a basis of price which as I have said is the best you can do when you cannot get a definite price.

Q. Well, I have only one comment to make. Mr. Mackenzie has given us a very clear picture. From what he said, you have got a firm contract in a good many cases for a basic article, but with a sliding scale as to certain additions which have to be made. Surely, in a good many of these cases, the unknown margin can be rather—or comparatively small; and we might have a good many cases for figures which, though not final, would give us a pretty clear picture. At the present time I have a rather uncomfortable feeling that here are these things, but do not pay any attention to them.—A. I have said, Mr. Chairman, we have given this list of contracts, and if any member of the committee wishes to ask for details as to any particular contract, we will get them. I do not think we can do anything more than that.

Mr. JONES: Can we get a price on the respective tanks which are already delivered?

The WITNESS: I understand that we have already agreed to that.

The CHAIRMAN: We will provide comparative figures for one centurion, and one American tank, Mr. Jones, and we can multiply them.

Mr. JONES: That would be all right.

*By Mr. Fulton:*

Q. Mr. Chairman, so that we may have a background for this discussion with reference to Mr. Drury's statement about the purchase of Sherman tanks

in Korea, I have some questions about it, which I would like to put on the record at this time. They are as follows:

1. What tanks, if any, were assigned to the 25th Brigade for support in Korea on its proceeding to the battle front?

2. When was this?

3. If none, when was it first decided to allot tanks to the support of the Brigade in Korea?

4. At that time, what tank, if any, had been decided on by the Canadian Defence Department as the type of tank which should be used for the purpose of infantry support?

5. Had any orders been placed at that time for the tank referred to in question 4, or were those tanks in possession of the Canadian army at that time? If so, how many?

6. If not, when were those orders first placed?

I think it is better that these questions be placed on the record.

The CHAIRMAN: Yes. You will all read them in the record.

Mr. CAMPNEY: Mr. Chairman, I would like to make an observation on those questions.

The CHAIRMAN: Not now. We are not dealing with them now. We will have to look at them ourselves. Mr. Fulton has prepared them, but we will have to look at them. Are there any further questions on the matter before us at the moment?

*By Mr. Harkness:*

Q. Was anything to be brought in about the discrepancy in the price of jeeps or trucks, the  $\frac{1}{4}$  ton 4 x 4?—A. I am sorry, but I thought we had already answered that question.

Q. At page 37, items 418, 419, 420, and 423.

The CHAIRMAN: If I recall correctly, Mr. Grant said that the two jeeps were not comparable. One is, a civilian type the other is military type; and I think he gave us about 7 reasons in which they differed. I think that was his answer, if I recall it correctly.

*By Mr. Harkness:*

Q. As I understood it, he was going to give us more definite information, just as Mr. Mackenzie indicated in regard to these particular contracts.—A. I did not understand that. I think we had answered that question. I think that Mr. Grant expressed the opinion that the civilian jeep was 20 per cent less in cost than the military type.

Q. The figures do not bear that out. In item 417 you have 8 jeeps costing \$2,394; that is, if you divide 8 into \$19,157; and then in item 418, you have 260 jeeps, they are the military type as compared with the standard type, and they came to \$5,508 each; in other words, they cost considerably more than twice as much.—A. We can do the same thing on this, Mr. Chairman, that we have undertaken on tanks. We cannot, however, deal with it now.

Q. All right; and further down in item 423 you have 11 jeeps,  $\frac{1}{4}$  ton 4 x 4, which is the same description as for item 418; and there they are \$3,000 each.—A. You are comparing the prices of items 417, 418, and 423. Is that correct?

Q. Items 417, 418, 419, 420, and 423.

The CHAIRMAN: Are these all jeeps?

Mr. HARKNESS: Yes. And the reason I want more information is that it is not a difference of 20 per cent, it is a difference of more than 60 per cent in price.

The CHAIRMAN: Very well. Mr. Stick?

Mr. STICK: May I turn to items 489 to 497; I have made a rough calculation of the number of busses for the different services and my figures may not be absolutely right, but I think that for the R.C.A.F. there were 75 busses, for the army there were 45 busses, and for the navy 14. And in view of the criticism which has been levelled at the services about the use of these vehicles for private use and one thing and another, I would like Mr. Drury, if he could, to give us an explanation of why those busses are necessary, and if possible, briefly to let us know what they are used for. For example, there were 75 for the R.C.A.F., and 45 for the army. I can understand why the navy would not need that many busses because they are on the water and not on land; but why would there be that difference between the R.C.A.F. and the army; may we have an explanation?

Mr. DRURY: I cannot, Mr. Chairman, at this point give a detailed explanation of why they are needed; but I do know that R.C.A.F. stations are generally situated out in the country, and that not in every instance are quarters for personnel provided on the station; rather in a number of instances they are located in the nearest community.

Mr. STICK: You mean they have to be taken back and forth to work?

Mr. DRURY: Yes, they have to be taken back and forth by busses. There is a good example in the case of Downsview, near Toronto, which is out in the country.

Mr. STICK: Yes, I know about Toronto.

Mr. DRURY: And at Downsview there are no quarters for the service personnel who work there, consequently they have to be transported out to their place of work by bus. This is more frequently the case with the R.C.A.F. than it is with the army or the navy.

*By Mr. Harkness:*

Q. In regard to the first item, item 400, it seems to be a sort of omnibus section; it shows military vehicles, army, 1,136, costing \$8 million. What kind of vehicles are they?

Mr. HARKNESS: The very first item on page 36, item 400.

The WITNESS: This is one of the early orders placed before we had any production going at all in Canada. Again I would have to get the details of what would be included in that figure of 1,136 units. There would be a number of different types of units, I am quite sure. It was one of the initial purchases that was made from the United States, and I think it would be American type vehicles. But we can get the details of that.

Mr. HARKNESS: What about the next item, 401?

Mr. MACDONNELL: Does the fact that the estimated value of the expenditures to January, 1952, are the same give any indication as to whether the contract is completed or not, or may there be a lot more? I suspect that it means it is completed. Perhaps the facts can be confirmed for us.

Mr. HARKNESS: With respect to item 401, it has apparently been completed; and also on that basis, 9 tanks, light, with 75 mm guns. What was the purpose of those tanks? I mean item 401, and 9 light tanks, which cost \$1,070,640; what was the purpose of those tanks?

Mr. DRURY: They are part—

Mr. HARKNESS: Has it anything to do with Korea?

Mr. DRURY: Not light tanks; they would be for our own use in Canada.

Mr. HARKNESS: I beg your pardon?

Mr. DRURY: In Canada; for use in Canada.



Mr. HARKNESS: Were they for training purposes in lieu of something else?

Mr. DRURY: For training and equipping purposes; and not only training, but as armaments for armed formations.

Mr. CHURCHILL: Could we have the name of the tank, that is the name normally in use?

Mr. DRURY: I regret to say that I do not know what the name of it would be. There is a technical name; but has it got a popular name? I shall try to find out the popular name in connection with Mr. Churchill's question. In respect to his earlier question on the characteristics of the tanks, I said at the last meeting I thought that the weight of these tanks was 50 tons. The weight of the Centurion is  $49\frac{1}{2}$  tons; and the weight of the Sherman is  $37\frac{1}{2}$  tons; and the weight of the new American M-48 is 45 tons; they are all less than 50 tons.

Mr. HARKNESS: Then the figures we got yesterday were not correct?

Mr. DRURY: That is right and I am correcting them now. The armament and performance of the Centurions are still on the classified list; the armament of the Sherman is not. It is armed with a 76 mm gun; two 30 caliber machine guns; and one 50 caliber machine gun; and a 2" smoke projector.

The CHAIRMAN: Will you try to give us the popular name for it?

Mr. DRURY: Excuse me. The M-47, not the M-48; as far as we are concerned it is still on the classified list, but if Mr. Churchill would look at *Life* magazine at page 45, he will perhaps find the information he wants.

Mr. STICK: Do the weights include the armament?

Mr. DRURY: This is all-up weight.

Mr. STICK: That is, the weight of the complete tank for operational purposes, when you give the weight?

Mr. DRURY: That is correct.

*By Mr. Harkness:*

Q. Item 404 is for spare parts for tanks, from the United States government. What tanks are those spare parts for?—A. It might be a conglomeration of a whole lot of things. One order for spare parts may cover any number of things.

Q. I was wondering whether it was for the American tanks which you purchased?

The CHAIRMAN: Do you want the particulars of it? Or are you not too concerned with it?

Mr. HARKNESS: It is a small item.

The WITNESS: There would not be many spare parts comprised in an order amounting to \$135,340.

Mr. FULTON: With respect to item 410, we have ordered the equipment from the United Kingdom government; but I notice that the tank spares in this item are United States types. Is that a misprint, or how does it arrive?

The CHAIRMAN: "U.K. Government, tank spares." What does that mean?

*By Mr. Fulton:*

Q. I would be interested in knowing how that comes about unless it is a misprint.—A. I could not say what the explanation of that would be. I see it for 122 individual items for a total cost of \$14,455. I can think of a variety of reasons. We might have been picking up United States type spares, or it may be that in the tabulation, the letters "U.S." might be wrong.

Q. The order was placed on the 18th of October, and unless it is a type manufactured by the United Kingdom, under licence from the United States,

one would think that it might be for spares and that they already had possession. It might have been filled.—A. I shall try to find out what happened to that order.

Q. Yes, if you would, I would appreciate it.—A. We shall get you the particulars of item 410.

Mr. HARKNESS: With respect to item 405, "Carriage motor multiple gun, 32," what are they for?

Mr. DRURY: Frankly, I do not know the popular name for or the technical details of this item. I shall have to find these out for you.

Mr. HARKNESS: And the next two items, 406 and 407 are for mount, truck pedestal, and in each case they were purchased from the United States government; but one is for \$11,760 for 84 units; and in the next case it is for \$25,186 for 98 units. There seems to be considerable discrepancy in the prices. Why is that?

Mr. DRURY: These are the mounts for guns carried in trucks, or mountings for trucks, for mounting anti-aircraft heavy caliber machine guns. It is just possible that the frameworks of the type are for one type of truck in one case, and for another type of truck in the other.

The WITNESS: The details have been taken out for security reasons, but they are different items.

*By Mr. Harkness:*

Q. You say they are not the same thing?—A. No.

Q. There is a group of more of these tank spares purchased from the United States government. There are four items altogether as far as the United States is concerned, three for the United States government. Will they be included in your over-all estimate?—A. We will make the best possible arrangements we can for the purpose of obtaining a firm laid down cost of the two tanks.

*By Mr. Churchill:*

Q. With respect to item 412, flame throwers, combat vehicles, service unit, Is that something to be mounted within a vehicle, and if so, what is it?—A. I am not sure. I suspect it is for the vehicle itself.

Q. Have you any information as to whether it goes on a Bren gun carrier, or on a tank, or is it carried in a trailer behind the tank?—A. I have not got accurate information on it.

The CHAIRMAN: Do you want that information, Mr. Churchill?

Mr. CHURCHILL: Yes, I would like to have that information because I think it is important as to the type of flame-thrower that is in use.

Mr. HARKNESS: With respect to the next three items, 413, 414, and 415; they are for mobile laundries and baths. Are they for use in Canada, or were they bought for use in Korea, or what is the explanation? They run into a considerable amount of money. We had these mobile baths and mobile laundries overseas; but these apparently are new ones bought from the United States government. Perhaps it was for use in Korea? It would seem to be new equipment, and unless it was needed in Korea, it would not perhaps be necessary.

Mr. DRURY: This does raise the question of whether we had used during the last war a number of mobile baths and laundry units. As you know we had a number left over but we have found since the war that the numbers remaining were insufficient to provide for the force requirements, therefore these extra ones have been ordered.

Mr. HARKNESS: But we had mobile baths for five divisions plus the armed corps troops; and now the number of troops we have is limited; so how would it be that we did not have sufficient equipment left?

Mr. DRURY: This becomes an inquiry really into what has been the disposition of the equipment which we had left over after the war.

Mr. HARKNESS: I think this is one of these specific instances of the sort of thing we are to inquire into to prevent instances of waste and so forth; and it would seem to me that this might be one of the very instances in which such waste has occurred.

The CHAIRMAN: These three expenditures were made and Mr. Drury says they were necessary.

Mr. HARKNESS: Well, Mr. Chairman, if we are going to proceed on that basis, we are not going to get anywhere.

Mr. MACDONNELL: It might have been necessary because the others had disappeared.

The CHAIRMAN: He said it was necessary to provide for and equip the forces. Now, where do we get from there?

Mr. HARKNESS: We had mobile baths and laundry equipment for an army of five divisions plus the other corps troops.

Mr. STICK: And where did you get that information?

The CHAIRMAN: He may be right; but did we bring them back with us?

Mr. HARKNESS: And now that we have got a so much smaller number of troops, why is it necessary to buy new bath and laundry equipment?

Mr. HENDERSON: I think we had some kind of a deal with the British whereby our laundry and bath equipment was used by them for a lot of the time.

The CHAIRMAN: We had some of our own, but whether we brought them back with us is rather doubtful. I think we left them over there for the various people who needed baths more than we did.

Mr. STICK: I think we are only guessing about this.

Mr. CAMPNEY: I think that the deputy minister will find out the answer and tell the committee.

Mr. JONES: Are all these vehicles right hand drive, or are some special purchases made for left hand drive?

The CHAIRMAN: I did not hear the question.

Mr. JONES: Are all these vehicles right hand drive for use in Canada, or are some left hand drive for use overseas?

Mr. DRURY: These are all for a driver sitting on the left hand side of the vehicle.

Mr. JONES: All of them?

Mr. DRURY: Yes, all of them.

Mr. JONES: Does not that add to the danger or hazard if they are used in Canada only?

Mr. DRURY: No, because this is what is normally provided in Canada; it consequently does not add to the danger or hazard in Canada or anywhere on the continent.

Mr. JONES: Was this equipment only for use in Canada?

Mr. DRURY: No, it is perfectly satisfactory for use in most countries in the world which have the same method of traffic control as we have, namely, keeping to the right. In the very few countries which keep to the left, there is possibly some additional hazard in having the steering column on the left hand



side of the vehicle. It would be difficult, however, I think, to have one side set of vehicles for use in, for instance, the United Kingdom and another set of vehicles for use on the continent.

Mr. JONES: What is the situation with respect to driving in Korea?

Mr. DRURY: They probably drive in the middle of the road in Korea.

Mr. STICK: There are probably no roads at all.

Mr. DRURY: In Korea they observe the rule of keeping to the right. I am not sure what the civilian rule might have been before the war started but the military one in force now is to keep to the right.

Mr. HARKNESS: Pages 38 to 43. I take it from having looked them over that they are trucks and vehicles of a commercial pattern. Is that correct? There may be the odd exception but, generally speaking, I would take it that the majority of those are trucks of a commercial pattern.

Mr. GRANT: Any designation where it says 4 by 4 or 6 by 6 is a military pattern vehicle.

Mr. HARKNESS: That would leave out page 38. Then, pages 39 to 43.

Mr. GRANT: They are pretty well commercial trucks, except any 6 by 6 or 4 by 4 designations. There is the odd one.

Mr. HARKNESS: Well, then, as far as those trucks of commercial pattern are concerned, are they bought direct from the manufacturer or are they bought through a dealer and a dealer's commission paid on them?

Mr. GRANT: They are bought direct from the manufacturer.

Mr. HARKNESS: So there is no dealer's commission included in these figures?

Mr. GRANT: No, sir.

Mr. HARKNESS: In going over them I notice that they are of a very large variety. Throughout the whole few pages, I see names such as General Motors, Ford, Walter Motor Trucks of Canada Limited, Four Wheel Drive Auto Company Limited, Reo Motor Company of Canada Limited, Oshkosh Motor Truck Inc., White Motors Company of Canada Limited, Motor Coach Industries Limited, and so forth. In other words, there does not appear to have been any effort made to standardize on two or three of four makes so that parts, as a result, would be interchangeable and it would be considerably easier to service this equipment, and cheaper also, and to keep up your supply of spares and so forth. Now, is there any reason why this wide variety was bought instead of concentrating on as small a number of types as possible so that the repair and maintenance would be that much simpler and the cost would be reduced?

The WITNESS: There is enough volume in this program, particularly in the civilian type vehicles, to enable the business to be spread around, and the purchases are made by competitive tender whenever we can. Now, there is a point when it becomes economic to buy from a particular manufacturer because you are adding one vehicle to a fleet where you already have a supply of spare parts. A typical example, I can remember, was some trucks that we got for maintenance on the Alaska Highway. It seemed much more sensible to buy one or two more trucks of the type that was there and where there was already a supply of spares for that particular type. That is a consideration which is taken into account in placing the orders, but so far as possible an attempt is made to spread the business around and to call tenders from firms capable of supplying them. There is enough volume and variety of vehicles here of commercial types to enable quite a distribution to be made.

Mr. HARKNESS: In other words, your general policy is to spread orders rather than to concentrate on the smallest number of types possible in order to secure the greatest, we will say, economy in operation.

The WITNESS: I would not put it that way at all. I would say we have regard to both those principles in purchasing. There is a complete concentration in the three basic military vehicles, as was explained at the last meeting, but in a number of these cases where that principle is not as important, then you can meet the other principle, which is also a desirable objective, of distributing the business.

Mr. HARKNESS: I think there is no question but that spreading the business is particularly desirable from some points of view. From the strict military point of view I do not think there is any question but that the more similar the number of trucks the more efficient the operation will be and the cheaper it will be on maintenance.

The CHAIRMAN: Mr. Mackenzie does not agree with you on that. I do not know whether Mr. Drury does, either. He said he had economy in mind when they were buying.

Mr. HARKNESS: He said they tried to synthesize these things to some extent. I wonder if Mr. Drury would care to comment with respect to that?

Mr. DRURY: In respect to your views, with which we are not in entire agreement, that the more standardization is achieved the simpler and more economical is the provision of spare parts—

Mr. HARKNESS: And greater the ease of repairing.

Mr. DRURY: —and ease of repair. There are a sufficient number of these vehicles sufficiently widely distributed across Canada to make it feasible to standardize in a given locality particular types of vehicles and the spare parts for their repair. There is virtually no duplication because of using a single pattern of vehicle in one area.

Mr. HARKNESS: Having one which?

Mr. DRURY: Area. All the vehicles in one area, are say of General Motors pattern, and in another more distant area they are another pattern. They are served by different depots, by different repair organizations and so forth, and we endeavour in this way to achieve the maximum economy and engender competition. If we were to settle only on, say, a General Motors three-ton dump truck throughout the forces, General Motors would have an assured market. It would not then be possible to invite competitive tenders for these things.

Mr. HARKNESS: Might that not result, on the other hand, in getting those trucks at a cheaper price?

Mr. DRURY: In so far as commercial vehicles are concerned, Mr. Mackenzie can answer this better than I. I would think that the number that we require would not result in a lower unit cost by reason of volume.

The WITNESS: I think this is one of the cases where you have a good illustration of two desirable courses and the need to strike a balance between them. As Mr. Drury will confirm he and I have a good many arguments on this very question from time to time, with the services showing a bias in the direction of standardization and our department showing a bias in the other direction, and the result is what you see here.

Mr. MACDONNELL: Now, to go back to the question Mr. Stick raised about buses for the R.C.A.F. He said 75, but I add them up to 195. How many air stations are there in Canada at which the need for buses would arise?

Mr. STICK: You are not including the chassis? I only took the complete bus.

Mr. DRURY: I cannot answer that offhand, Mr. Macdonnell. I would like to take notice of that question if I may.

Mr. BENIDICKSON: I notice a lot of buses around Ottawa. Would the regular city transport system not serve for a good part of the bus transportation



that the personnel would need from headquarters to the immediate environs of Ottawa?

Mr. DRURY: Generally speaking, during regular working hours the civic transportation system would not be too unsatisfactory, but operating as the forces do, a 24-hour-a-day operation, there are shifts to be moved at all hours, for example at Uplands and Rockcliffe, and Gloucester or, at headquarters, which do not fit into the civic schedules.

Mr. BENIDICKSON: Could not some private arrangement be made with these commercial companies that operate in this city to put on a vehicle of that kind for the personnel to go to and from work?

Mr. DRURY: In some instances we have been able to make more economical arrangements with bus owners than would have resulted from the provision of service-operated buses, and where this is possible it is done.

Mr. BENIDICKSON: Do you keep a log for each bus showing the number of trips made per day, as well as the driver?

Mr. DRURY: We do.

Mr. STICK: I take it, Mr. Drury, that those buses are for use in Canada? There are none of these buses for use in Korea?

Mr. DRURY: I do not think there are any included for Korea.

Mr. STICK: You do not use them in Europe?

Mr. DRURY: No, in Germany we are using German buses.

Mr. STICK: I take it that those buses which I have mentioned here are for use in Canada only.

Mr. DRURY: We also have to make provision for R.C.A.F. movements on the Continent.

Mr. STICK: What buses do you use there?

Mr. DRURY: I am not sure, to be quite frank, whether a number of these buses are contemplated for use in France.

Mr. STICK: Would you use French or Canadian buses? I suppose that would depend on the circumstances?

Mr. DRURY: Yes, it would depend on the circumstances.

Mr. HENDERSON: How many miles would those buses go in a year?

Mr. DRURY: I have no idea.

Mr. MACDONNELL: Could we have the number of buses at each station?

The CHAIRMAN: Let us have the broader question. The number of buses, the number of stations.

Mr. BENIDICKSON: I think that is a very difficult thing to find out.

Mr. DRURY: In some instances it would be possible to allocate them to specific stations where there is no other service activity in the area except in connection with the station, but in the case of Rockcliffe and Uplands this would not apply as you point out and there are no buses allocated to one or the other of these. They are operated in a pool system.

Mr. BENIDICKSON: Is a driver assigned in this headquarters area, say, to a particular bus, or is the driver assigned to a bus from a pool?

Mr. DRURY: No, we have endeavoured to follow what has proved to be a more satisfactory system of assigning drivers to vehicles and holding them responsible for that vehicle. The system of telling off a man to drive a vehicle on a particular trip, we found, resulted in irresponsibility or disclaimers of responsibility. Now a man is assigned to a vehicle and he has a responsibility if anything goes wrong.

Mr. BENIDICKSON: The vehicle would be used continuously 24 hours a day?



Mr. DRURY: Around the clock, and in fact there would be three drivers assigned to it.

Mr. HENDERSON: What are the regulations with respect to civilians? Are there any provisions made for civilians, and if so of what category?

Mr. DRURY: In some cases civilians are engaged to drive these buses.

Mr. HENDERSON: No—I mean to ride on them.

Mr. DRURY: In general the carriage of people in these buses is limited to either service personnel or employees of the department. Take the case of our magazines which are some distance from the nearest centre of habitation. The bulk of employees are civilians and they have to be transported into a rural area from their place of living to the site of work, and these civilians, employees of the department, are transported in the buses.

Mr. HARKNESS: What about the families of service personnel? Are any provisions made for them?

Mr. DRURY: In some instances the dependents of service personnel are allowed to ride in them.

Mr. HENDERSON: That, I assume, would be free of charge.

Mr. DRURY: Yes, and it would be an instance of where the bus was going anyway.

Mr. MACDONNELL: I wonder if it would be convenient to Mr. Drury to get us information with regard to buses, to get information as to the number of cars there are in the service. I mean passenger cars and who are those who have the right, that is to say who has the right to call a car, down to the rank of what?

Mr. Fulton suggests that that was given last time. If that is so, we will not require it now.

The CHAIRMAN: We will take a look at the record. I think it was.

Mr. FULTON: Could I ask a general question if I am not interrupting somebody else's line of thought. Appendix "A" of "Canadian Defence Orders" refers to the procurement of the United States type of equipment for two infantry divisions and the appendix is referred to in various pages throughout the document itself. Could I ask whether in the process of making that decision to replace British type equipment by U.S. type equipment there was any cost estimate made, the cost of replacing United Kingdom equipment for a whole division with equipment of United States type, from which we could get the difference in cost of the two types of equipment for a full division? I am referring to a divisional basis.

The WITNESS: This was not a decision made by officials. This was a government decision made some time ago.

Mr. FULTON: I am not trying to get you to express your opinion on the decision. I am asking you whether in the course of arriving at that decision your department was asked to make an estimate of what it would cost to re-equip a division with United Kingdom type equipment and what it would cost to re-equip a division with United States type equipment, so that there would be figures from which we could arrive at the difference in cost between complete divisional equipment on the 2 bases?

The WITNESS: That information certainly was not asked of the Department of Defence Production because that department was not in existence then.

Mr. FULTON: Was anything like that done in your department, Mr. Drury?

Mr. DRURY: No.

Mr. FULTON: I take it it would be a tremendous task to get that information?

The CHAIRMAN: The answer was no, it was not asked, so it is not available.

Mr. FULTON: He did not add the words you just added. You are making an assumption.

The CHAIRMAN: What assumption would you make?

Mr. FULTON: I would like to take the next logical step and ask if there are in either department any figures readily available, figures from which that difference could be arrived at?

Mr. DRURY: Not readily available.

Mr. FULTON: And it would be a pretty big task to ask you to do it?

Mr. DRURY: Yes, quite a task.

Mr. STICK: Mr. Chairman, I would like to give notice of one question. Item No. 29. We have not touched the navy at all. It covers an arctic patrol vessel of an estimated value of \$12,750,000. Could I have the detail of that for the next meeting? It is a rather large sum for one vessel. I am just giving notice of the question so that you can prepare the answer and have it ready later.

Mr. FULTON: To follow up what I was asking about just now, could I ask Mr. Drury whether it is then to be concluded from what he says that the question of the difference in cost of the two types of equipment did not enter into the decision that was made?

The CHAIRMAN: You may ask the question, but in that wording it is not a proper question for Mr. Drury to answer.

Mr. FULTON: I will re-word it then. Was any consideration given to the possible difference in cost of the two types of equipment on the division basis in arriving at a decision?

Mr. CAMPNEY: After all, that would be a decision of government, and if it were, it certainly is not a matter within our purview, nor the factors which led up to or which were given consideration in arriving at the decision.

Mr. FULTON: I cannot hear you, Mr. Campney.

Mr. CAMPNEY: It seems to me the determination as between the American equipment and the United Kingdom equipment must have been and was a government decision. Now, if this is so I do not think, it being a matter of policy, that it should be the subject of discussion or within the terms of this reference, and if I am right in that, then the considerations, of which you are mentioning one, which led the government to make that decision cannot be, I think, properly placed before this committee.

The CHAIRMAN: I think, Mr. Fulton, it is a proper question to ask the minister on the floor of the House, what were the factors in his mind when he made this decision. That is what you are asking Mr. Drury, I do not think that this is a proper thing to ask Mr. Drury. It is quite a proper question for the minister.

Mr. FULTON: The thing I have in the back of my mind is that we have in this Appendix "A" to "Canadian Defence Orders" a statement that a decision was made to replace United Kingdom type equipment for two divisions with United States type. Then we have throughout here reference to that Appendix "A", and there has already arisen a question this morning involving the difference in cost between the United Kingdom type tank and the American type tank, and it is background for that sort of discussion I am trying to arrive at. I would like to ask your help. I do not want to try to enlarge the scope of this committee's inquiry improperly and submit deputies to cross-examination on policy, but if there is any factual background for that policy that they can give us, then that is all I am asking. It was in that sense I asked him the question.



We are certainly concerned with the cost of equipment. Is there any way in which you can see that a question along that line, to give the information I want, could be framed?

The CHAIRMAN: Mr. Mackenzie will prepare for us the comparable cost of a Centurion tank with a comparable cost American tank. Then we shall have an opportunity to examine it in detail. That may lead us to some further questions and may open some doors that I do not see at the moment open for us.

Mr. FULTON: Possibly when we come to specific items, such as guns, it will be necessary for us to ask for a comparison in each case.

The CHAIRMAN: You appreciate, Mr. Fulton, there are hundreds and thousands of items here. You must give us some time to obtain the material and pull it out of the file. In each case, if you want details ask for it and we will bring it here, but it is impossible for the witnesses to give an off the cuff answer.

Mr. FULTON: To finalize, then, on the basis of the question I have asked and in the light of Mr. Campney's remarks, what is your ruling?

Mr. DRURY: Mr. Chairman, I think the answer is I did not make the decision and, consequently, am in no position to know all the factors taken into account.

Mr. FULTON: I guess that is the only answer.

Mr. STICK: I move the adjournment.

The CHAIRMAN: The steering committee is meeting at 2.30 in room 497. Everybody be there, please.

Mr. HARKNESS: I had two or three questions to ask in connection with the vehicle matter.

The CHAIRMAN: For preparation?

Mr. HARKNESS: Yes. I thought perhaps we might be able to go on to armament if nobody else had questions on vehicles.

The CHAIRMAN: There were many questions here today for which we will have to have answers.

Mr. HARKNESS: In order to get down a little more definitely to the cost of these things, I wonder if it would be possible for the officials to bring in figures. Can we get within the estimate, if possible, the amount of money which was appropriated for 1951-1952, for vehicles, and the amount that was appropriated for 1951-52, for tanks? I think that appears in the estimates.

The CHAIRMAN: They say no.

Mr. HARKNESS: Not in that form?

The CHAIRMAN: No.

Mr. HARKNESS: It ran in my mind that it did. What I would like is to have definitely the amount that was appropriated, we will say for vehicles, the amount for tanks, and the amount actually spent.

Mr. DRURY: Mr. Chairman, I am not sure of the number of the exhibit, but the answer to Mr. Harkness's question was filed last fall and then revised up to 31 Jan. 1952 and filed with the committee.

The CHAIRMAN: You have the answer?

Mr. HARKNESS: I do not think it was filed. What we had filed was something along the lines we have in this, the contracts let from April, 1950 to January, 1952. What I was trying to do was to relate the actual expenditures made to the appropriations made for the year 1951-52.

Mr. DRURY: Mr. Chairman, Appendix "G", which appeared in pages 108 to 113 of the published proceedings, of Minutes of Evidence, and the revision which has been filed (See Exhibit No. 5), shows under a great many headings the



original forecasts, revised forecasts and actual expenditures for the fiscal year 1951-52. There is a similar statement in respect to the previous fiscal year.

The CHAIRMAN: Does that answer you, Mr. Harkness?

Mr. DRURY: I wonder if Mr. Harkness wanted any more than that?

Mr. HARKNESS: If we refer to page 108, mechanical equipment, including transport, this particular estimate is given there. Then what I want actually to relate to this is the amount that was actually spent in his particular case of mechanical transport and of tanks.

Mr. DRURY: Mechanical equipment, navy, is on page 113. Which particular item are you looking at?

Mr. HARKNESS: Page 108. That happens to be navy. I would like it for the three services.

Mr. DRURY: They are there for the three services, army, navy and air force.

Mr. HARKNESS: What is here are your estimates.

Mr. DRURY: And the expenditure, in the table you were looking at, up till the 30th November, 1951; we brought this up to the 31st January, 1951.

Mr. HARKNESS: I want this information for two items, first, vehicles, and, secondly, tanks, and what I want is the estimates which were made or the appropriations which were made by parliament for vehicles and for tanks according to the details you put in and which are outlined here, and to set off against that the amount spent in 1951-52.

Mr. DRURY: You would like me to extract from these tables that particular information?

Mr. HARKNESS: It is not only extracting it but bringing up to the present time the amount actually spent. These tables were for last fall and that does not take in the year 1951-52, which is just ended.

Mr. DRURY: This was for last fall, and the information so far has been brought up to the 31st January of this year.

Mr. HARKNESS: It should be very simple to do this. There are only the two figures in each case required.

Mr. DICKEY: But it has been done, it is in the tables.

Mr. HARKNESS: It is not there, because these figures were produced four months before the year was over.

The CHAIRMAN: Those figures were filed yesterday and will be printed in the record.

Mr. HARKNESS: They are to January 31?

The CHAIRMAN: Yes.

Mr. HARKNESS: I am trying to relate the estimates to the actual expenditures.

The CHAIRMAN: That would be very well, but estimates do not earmark expenditures. For instance, the Department of National Defence may have said we will spend \$2,000,000 on tanks, but they did not do that.

Mr. HARKNESS: Certainly they did do that. How do they arrive at their estimates, then. When they put in their estimates the sum of \$40,000,000 for mechanical equipment there are so many millions of it for vehicles and so many millions for tanks.

The CHAIRMAN: That is not the way they present it to us in the house.

Mr. HARKNESS: Then that is the way it should be presented.

The CHAIRMAN: I have never been able to see that in my estimates.

There is a motion to adjourn.

We have a meeting of the steering committee at 2.30 this afternoon.

The meeting adjourned.















Canada Defence Expenditure,  
Special Committee 1952, 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: Mr. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

TUESDAY, APRIL 29, 1952

WITNESSES:

Mr. C. M. Drury, Deputy Minister, Department of National Defence,  
Mr. T. N. Beaupré, Assistant Deputy Minister, Department of Defence  
Production.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952



ORDER OF REFERENCE

TUESDAY, April 29, 1952.

*Ordered*,—That the name of Mr. McIlraith be substituted for that of Mr. Bennett on the said Committee.

*Attest.*

LEON J. RAYMOND,  
*Clerk of the House.*

## MINUTES OF PROCEEDINGS

TUESDAY, April 29, 1952.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. Croll, Chairman, presided.

*Present:* Messrs. Adamson, Applewhaite, Blanchette, Campney, Cavers, Churchill, Croll, Dickey, Dinsdale, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, James, Jones, Larson, Macdonnell (*Greenwood*), Power, Stick, Weaver. (21)

*In attendance:* Mr. C. M. Drury and Mr. W. R. Wright, Department of National Defence; Mr. T. N. Beaupré and Miss R. E. Addison, Department of Defence Production.

*Ordered,*—That the following returns filed with the Committee on April 22, be printed:

14. Answer to Mr. Macdonnell's question relating to serving forks (*see Appendix 14 to this day's evidence*).
15. Answer to Mr. Wright's questions relating to contracts awarded to Canadair (*see Appendix 15 to this day's evidence*).
16. Answer to Mr. Adamson's questions relation to customs duties on defence material (*see Appendix 16 to this day's evidence*).

The Chairman read the Second Report of the Sub-Committee on Agenda, as follows:

Your Sub-Committee on Agenda met on April 24 and 28, to consider the following Notice of Motion of Mr. Harkness, namely:

- (a) That the Department of National Defence be asked to bring before the Committee at its next meeting officials who can give us the general administrative set-up at Petawawa.
- (b) That witnesses be called before the Committee to outline the losses of stores, etc., which have taken place at Petawawa, and the manner in which these losses occurred.
- (c) That witnesses be called to outline the accounting and other procedures in use at Petawawa and other places to prevent loss and waste of Government property.
- (d) That as soon as Mr. George S. Currie has completed his investigation at Petawawa, his report be placed before this Committee and that he be called for questioning on it.

Your Sub-Committee recommends that the above Notice of Motion be not entertained at the present time.

Mr. Harkness moved that the Committee proceed with his motion as contained in the above report.

After debate, Mr. Applewhaite moved in amendment thereto

That all the words after "that" be struck out and the following substituted therefor:

That pursuant to the terms of reference of this committee evidence be taken from competent witnesses dealing with the administrative procedures laid down by the Department of National



Defence for the receipt, stockkeeping, issue and accounting of stores, material and equipment at military camps and establishments and in particular the steps taken to prevent, discover and eliminate the loss, misuse or wastage of Government property of every kind and that the committee thereafter consider what further steps, if any, should be taken.

The question being put on the amendment, it was resolved in the affirmative.

On motion of Mr. George, the Second Report of the Sub-Committee on Agenda was adopted as amended.

Messrs. Drury and Beaupré were called.

Mr. Beaupré gave supplementary answers to questions on items 401, 402, 403, 410 and 412 of the "Canadian Defence Orders" and was questioned thereon.

Mr. Drury filed with the Committee a table giving additional details on Army vehicles, namely:

17. Table of additional figures on Army vehicles for the 25th Brigade (*see Appendix 17 to this day's evidence*).

At one o'clock, Messrs. Drury and Beaupré's examination still continuing, the Committee adjourned until Thursday, May 1 at 11 o'clock.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*

## VERBATIM DELIBERATIONS

APRIL 29, 1952.

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. I have the second report of the subcommittee on agenda, dated Tuesday, today. I will read it:

*(See minutes of proceedings.)*

Is there a motion to adopt the report?

Mr. HARKNESS: Mr. Chairman, I feel I will have to refer the matter to the whole committee against the decision of the steering committee not to proceed with this inquiry at Petawawa at the present time. Now, in connection with that I do not want to repeat what I said at our last meeting. However, I would like once more to refer to what the Minister of National Defence said in connection with this matter on April 21, when he made his statement in the House. At that time he said:

In conclusion I would like to add that if in the course of its work the select committee on defence expenditure would like to look into the stockkeeping, accounting or auditing procedure, or any other matter relating to its work on the spot and anywhere, all facilities will be provided.

Now, I can only take that as an invitation on the part of the minister to this committee to look into the organization at Petawawa. It has certainly been taken as such by various newspapers across the country, and I would refer particularly to an editorial written by the *Winnipeg Free Press*, in which members of this party were being panned, as a matter of fact, because there were not more of them here at the meeting, and pointing out that this was one of the important pieces of work the committee was to do. It would seem to me that this work at Petawawa would provide this committee with an excellent opportunity to investigate the set-up at a camp of that sort and would, in a specific case, enable us to see what weaknesses there are in the general administrative set-up which makes it possible for things of that sort to take place. I think, myself, that we would be very remiss in our duty if we did not put this investigation on foot. Now, it has been suggested to me that such an investigation would be sub judice, and would interfere with the rights of the individuals who have now been charged in connection with this matter. I have discussed that point with some legal men of considerable standing and they tell me that in their opinion there is nothing in that contention, and I was referred to section five of the Canada Evidence Act, which provides for the protection of any people who might happen to be in this position. I will not bother to read that, but that seems to be the general position, as far as I can make out, on that point. Now, I can, quite frankly, see no good reason why we would not proceed with this inquiry. As far as we are concerned, we will not be dealing with the guilt or innocence of the people who have been charged in this regard. What we will be looking into will be the way in which the defence stores at Petawawa have been safeguarded or not safeguarded, as the case might be, and in that way, as I said before, we would have an opportunity, I think, to find out what weaknesses exist and what changes we might suggest to improve the general administrative structure.

Mr. MACDONNELL: I would like to add a word, Mr. Chairman. As I understand it, there are two reasons given for not going ahead with this matter. The

first is that we want to press on with the general task given us by going into those items. I do not imagine anyone in this room wants us to press on, because we asked for this committee. The second reason is that it infringes the principle which was laid down in the house in May. I will read it, it is very brief:

Matters awaiting adjudication by a court of law should not be brought forward in debate.

I will come back to that in a minute, but I just want to point out that this is a natural thing to be done. The minister's statement has so indicated, also Mr. Harkness's reference to the editorial in the *Free Press*, and there is a general disposition, I think, on the part of the people of Canada to have this dealt with. Now, Mr. Chairman, it is hard for me to take seriously the suggestion that these requests which have been read, that the Department of National Defence be asked to bring before us witnesses who could give the general administrative set-up and so on, they are all things which can be done without the slightest question about the guilt or innocence of any living man. The evidence could be given by some senior official from the camp, and the principle of sub judice, that matters awaiting adjudication by a court of law should not be brought forward in debate, I do not think, applies at all. I want to refer to something that happened years ago, in the 1920's. At that time an investigation was held into the Customs Act. There was a committee of the House which considered that matter for years, and all the time that committee was sitting there were prosecutions going on under the Customs Act, routine prosecutions and others. In any event, there was no suggestion then that that committee could not sit and pursue its investigation because there were proceedings going on, provided that committee stayed away from those proceedings. If that had applied then—this principle which you now seek to apply—that customs inquiry could hardly have taken place. Mr. Chairman, I do not think it is common sense. I think anyone reading this will see that what Mr. Harkness has said is true and, quite frankly, I can see no reason for this being stifled, unless it is the desire to have this thing cool off to avoid inquiry at the moment. If we have to leave this till the courts have finished their work, it might be months, it might even be years. Mr. Chairman, you are a lawyer of experience, and I submit to you that we would not infringe on this rule regarding matters awaiting adjudication by a court of law. That has nothing more to do with it than the precession of the equinoxes.

The CHAIRMAN: Do you agree, Mr. Macdonnell, that Mr. Harkness said he was particularly concerned with defence stores safeguarding? That is the main portion of the motion.

Mr. DICKEY: A procedural point, Mr. Chairman—

Mr. HARKNESS: I think the motion speaks for itself.

Mr. DICKEY: I was wondering about a question of procedure. As I understand it we have before us a report of the steering committee. Now, it was my understanding that Mr. Harkness proposed to move in the main committee the motion that he presented to the steering committee. What is the proper way for us to proceed? Should we pass, approve, the report of the steering committee and then have Mr. Harkness move his motion so we can discuss it as a motion?

The CHAIRMAN: I knew Mr. Harkness was bringing it forward and I assumed it would be an amendment to the report of the agenda committee.

Mr. HARKNESS: I would so move it, then, an amendment to the agenda report.

Mr. CHAIRMAN: Yes, to have it on the record.

Mr. HARKNESS: I move as an amendment this motion that has already been read.



Mr. LARSON: There is quite a lot of money going to be spent on these items before us and would it not be better for us to assure ourselves, as a committee, that this money that is being spent and is going to be spent is properly controlled through appropriate controlling accounts, and would it not be better for us to take the broader view and go into that type of thing rather than to go on with a sort of thing like this at the moment? Why not wait until the proper authorities, the mounted police and the provost corps, have completed their investigations, and if we are not satisfied with them at that time, well, I say we should take it up then. It has been suggested that we should go ahead and call witnesses regarding the broad control as to how the money we are voting will be expended and how the things that are bought with that money go into the records, and identifying all the various items as they are purchased. It seems to me we sort of limit ourselves to one little point which is already under investigation. Why not take the broader view of it and go into the whole matter of control of Department of National Defence accounts?

Mr. GEORGE: I agree with Mr. Larson. Mr. Harkness knows the system of military accounting and procedures as well as the most of us. According to the press reports, most of the material that is alleged to be missing at Petawawa are engineers' stores. Has it ever occurred to members of this committee that engineers' store can only be moved by an engineer officer? Now, I have a camp under my charge at the moment and along with that a fantastic amount of material. The accounting procedure as it is carried out is foolproof, but all of us who are charged with the control of stores must have faith in our personnel, the same as the army has faith in personnel when they make them commanding officers or camp commanders. I think we are making a mountain out of a molehill. Personally, I think most of us are agreed, and all do agree, that we want to safeguard the taxpayers' money and the supplies, and anyone caught doing anything illegal must be punished. We do not know how much is missing from there. We are anticipating something. I think that we all know that in civvy street large firms have shortages which occur from time to time. Shortages occur in banks, and the individual concerned is dealt with according to law, and I think that, as Mr. Larson has suggested that we want to make an investigation, the investigation perhaps should be of the system, the broad picture of the accounting system and control, and not of one specific case.

Mr. HENDERSON: I would just like to add a few words to what Mr. George and Mr. Larson have said. At the present time the Royal Canadian Mounted Police, we are told, are making an investigation there, and the record of the R.C.M.P. is that they always make a pretty fair investigation. Now, if we were to go up there, as Mr. Harkness has suggested—

Mr. HARKNESS: I did not suggest going up there.

Mr. HENDERSON: —or bring before us high officials to determine the administration, I do not think we could do as good a job as the high officials who are really going to investigate it. We have to find out actually what does go on, but they probably get right down to the last private in handling stores and goods, which is just as important as questioning high officials. Now, there is one fact, somebody in His Majesty's services have been taking goods which do not belong to them. There is one thing we must get in the back of our mind, and that is if they are guilty they are to be prosecuted and, if found guilty, sentenced, and we should not interfere at that point or previous to that, in order that their case may not be prejudiced, and they might even get an appeal to quash a conviction on some such ground as that. I think it is very dangerous if we leave any loophole for them, because if they are guilty they should receive the penalty and we should not be the cause of them going scot free.

Mr. FULTON: Truly, the answer to the points raised by Mr. Larson and Mr. George, which, as I understood them, were that we might be better advised to wait for the report before we begin any investigation—the report of those who are now investigating the matter—and the answer to that is that we do not want to, as I understand the motion, investigate the guilt or otherwise of the persons who may be charged with those thefts. What the motion asks us to do is to investigate the accounting procedures and the security methods taken by the Department of National Defence to safeguard stores, not to assess the guilt or otherwise of anybody who may be charged.

The CHAIRMAN: I would ask Mr. Harkness if that was the purpose of the motion. Mr. Fulton is stating what I considered was the purpose of the motion. Now that is an entirely different motion than that presented. Have you the motion in front of you?

Mr. FULTON: Yes, I have. Read paragraph (a) and paragraph (c). Paragraph (a) reads:

That the Department of National Defence be asked to bring before the committee at its next meeting officials who can give us the general administrative set-up at Petawawa and other places.

You read that in conjunction with paragraph (c).

Mr. CAMPNEY: Read paragraph (b) also.

Mr. FULTON: Paragraph (c) reads:

That witnesses be called to outline the accounting and other procedures in use at Petawawa and other places to prevent loss and waste of government property.

Now, paragraph (b)—Mr. Campney can read it, I will read it later if he wants me to—but it seems to me those two paragraphs certainly set the tone of the motion which asks that we investigate the procedure and steps taken to safeguard stores.

The CHAIRMAN: Safeguard stores at Petawawa.

Mr. FULTON: And other places, to prevent loss and waste of government property, and I do not think we can be satisfied to wait until somebody else has completed an investigation, because while we are waiting and carrying on with our other work—which it has been suggested we do—it may well be that other stores are disappearing. In fact, since the loss at Petawawa there have been reported thefts and losses of stores at Kingston. I do not want to broaden unnecessarily the scope of this committee, but it does seem to me from what we have read since Petawawa, and the events before Petawawa, that there is indicated a need for a general inquiry of this sort contemplated here into the administrative practices and precautionary measures in force in the department to safeguard military stores. That is what this motion asks for. Now, on the question of whether we would be prejudicing somebody who might be accused, or whether we could be violating the principle that we should not carry on an investigation into something which is sub judice. I do not think this applies in this case at all, because we are asking here for an investigation into the administrative set-up, not into the guilt of anybody who may be charged with theft, and to argue we must not proceed with that other independent investigation because somebody is charged with a theft at a particular camp, it seems to me, would be the same as to say that the House of Commons must not consider the revision of the Criminal Code with respect to the provisions for motor manslaughter because at the time we may be carrying on that general consideration and inquiry there are people accused in the courts of motor manslaughter. It would be quite ridiculous to say that we cannot consider the Criminal Code because at that



very moment there are people being charged and tried in court under that particular section of the code, and the same principle would apply here. What is argued by those who approve the motion is that that is a general investigation into security measures and protective measures taken by the department because at the particular time there is an individual charged with the infringement of those measures, and with a theft arising out of that infringement. We will get into a completely absurd situation and every investigation or inquiry by the House of Commons could be stultified if that principle was to be carried to that absurd degree. I come back now to what Mr. Harkness has said, which seems to me the thing we have to consider. I cannot understand the reason why the minister invited us in the House of Commons, and indicated to the public of Canada in the statement which he made in the House of Commons that he would welcome the committee to make an investigation into this matter. We are now being told that we cannot do that for the reason which has been advanced here, because those reasons must have been all in the mind of the minister. He practically told us at that time that he had lodged an independent investigation and it was known that some persons were charged under the Criminal Code with theft, and yet he said he would welcome an investigation by this committee. It would seem to me that either the minister's words were meaningless and intended for some other purpose—and I am not willing to accept that suggestion—or else they were intended to be accepted at their face value and the committee was invited to institute this inquiry.

Mr. LARSON: That is what I suggested at the start, that we go into the control of the things the Defence Department buys.

The CHAIRMAN: What Mr. Larson suggested was a general investigation.

Mr. LARSON: Let us get at the accounting system to start with, and go at it in that manner, and we will see if there are any discrepancies. If there are we can follow it through. On the other hand, to try to carry on an investigation of things already being investigated at the moment, I do not think is the proper function of this committee. I think we should see to it that money involved in these vast amounts is being guarded in the over-all picture and if we find it is not, then we can carry on our investigation in more detail.

Mr. DICKEY: This is obviously a very important matter and, as the members of the steering committee know, it was considered very carefully for several quite lengthy meetings, and I can assure Mr. Fulton and any others that might be under a similar impression that nobody is trying to take an unfair or unreasonable or foolish attitude. I certainly do not think that Mr. Harkness and Mr. Macdonnell, who represented the official opposition on the sub-committee, were affected by any feelings of that kind, and I can assure the committee that there were no feelings of that kind on the part of any of the members representing the government. But I think it is fair to say that the obvious intent of the original suggestions made by Mr. Harkness, and I think still the intent of the major portion of the suggestions he makes in their present form, was to have this committee make an investigation of the actual situation at Petawawa, not a general investigation of accounting procedures and the method of dealing with stores at camps generally, but an investigation that would be directly related to what had actually occurred within the camp or in connection with the camp at Petawawa. Now, both Mr. Harkness and Mr. Macdonnell, or perhaps all three, have referred to the question of the objection that was raised that an investigation of these actions would be interfering with matters which were before the courts. Now, when that statement is made in relation to a specific investigation of conditions at Petawawa I think that is absolutely correct and that it would be impossible for this committee or anybody else to make an investigation of what has



occurred at Petawawa without getting into a field that is before the courts, and which it would be improper for us to get into at the present time, when charges are laid against a number of individuals, both military and civilian, and when it is probable that other charges may be made as the investigations presently going on are brought to a conclusion. Now, it would be ridiculous for anybody to say that a general investigation of accounting procedures and the dealing with stores is not possible for this committee because of the fact that there are investigations going on at Petawawa and that individuals are charged before the criminal courts. If the problem is to decide just exactly what the request for investigation amounts to, perhaps we can solve our difficulty very simply. The example given by Mr. Macdonnell, perhaps pretty clearly shows the problem. He refers to the Customs Act investigation in the early 1920's. Now, it would have been ridiculous for anybody to argue that because there were or might be specific charges arising out of violations of that Act, therefore a parliamentary committee could not deal with the general subject of the Customs Act, or of the procedures for dealing with matters under the Customs Act. It would be equally ridiculous for anybody to argue in the present situation that because there are charges and investigations going on at Petawawa we could not look into the general accounting and the other procedures laid down by the Department of National Defence for the conduct of matters of this kind. In a general investigation of that kind I think we would have a good deal of scope. We could cover a great deal of ground. We would have to be pretty careful that in anything dealing directly with the camp at Petawawa we would be careful and scrupulously keep away from the investigation of any incident which might have a bearing on the court proceedings which are in progress or which may later be in progress, but I can see no great objection to the kind of general investigation that might be carried out properly.

I think that Mr. Fulton stated it properly, and as you pointed out, Mr. Chairman, he gave an appropriate answer to the question that you had asked of Mr. Harkness. If the proposal is for a general investigation without investigating the guilt or innocence of any individuals who may be involved at Petawawa, I think we can perhaps come to some sensible or reasonable agreement on the question, but I must say that even in the form that they now are it appears to me that Mr. Harkness's suggestions still would limit or direct our investigation to the actual situation at Petawawa in a way that would perhaps lead us to infringe on the investigations which are going on now, and the matters which will be before the courts, and that is certainly my view.

The CHAIRMAN: Mr. Harkness can reach some conclusion here. Take a look at paragraphs (a) and (c). I think if you take the word "Petawawa" out of (a) and (c) and drop (b) and (d), then obviously (d) does not come within the scope of this committee we can reach agreement.

Mr. HARKNESS: What you are suggesting, Mr. Chairman, is that we should do something totally different to what I suggested we should do. You are asking that instead of investigating the specific set-up at Petawawa, which is what I have asked for, we should investigate something else altogether particularly which has no relation to Petawawa.

The CHAIRMAN: That is not what I have in mind. I have in mind a general investigation which will include the administrative facilities at Petawawa. They will not exclude Petawawa but it is not directed at Petawawa alone. That is what I have in mind.

Mr. HARKNESS: Mr. Larson said twice that we should have a sort of general survey of those matters. That, again, is what you are suggesting, a general survey. Well, it is practically useless to try to carry on a survey in a vacuum or partial vacuum. The only way we can get anywhere in an investigation is

when it is directed at some specific part of the general system. As you might say now, if we start to investigate the general administrative set-up and, as was suggested in the steering committee, that we go out to Plouffe Park—which is a totally different type of military installation altogether, compared to Petawawa—to see what the storekeeping procedures are there, and so forth, it would have no relationship to this particular problem and would get us nowhere. The only way we can make progress in this committee throughout is through investigating specific cases right through, just like we did with trucks in the last two meetings. There was no use discussing trucks generally. You had to go into specific cases of trucks, jeeps, or any other types, in order to get anywhere. The same thing applies here. If we are going to get anywhere in investigating the administrative set-up, we have to go to some place to see it in operation. We do not have to go there physically, but we have to investigate one place rather than trying to deal with the whole general set-up or what you might call the broad picture.

Mr. MACDONNELL: Mr. Chairman, you are asking us to deal with this as if Petawawa never occurred. The public of Canada knows that Petawawa has occurred. We know it has occurred. We recognize this principle of sub judice, which is a very definite principle, and this can be done without infringing on anything, and to bring that up, to me, is most unconvincing and makes me feel that this thing is going to be stifled, and that the feeling is let us stifle it and get rid of it.

The CHAIRMAN: I do not know who is attempting to stifle anything here today. What I am suggesting—and I do not wish to be misunderstood again—is that we have a general investigation without excluding Petawawa, that is, it is part and parcel of that investigation, but that we do not wish at this moment to interfere with those people who are investigating—this paragraph (b)—and Mr. Currie, who is there doing a job—which is paragraph (d). That is all.

Mr. CAMPNEY: Isn't the position this, that this committee has been appointed to investigate government expenditures of the Department of National Defence and those made on behalf of the Department of National Defence, which expenditures run into large figures. Now, it would certainly, it seems to me, be very definitely within our purview to carry out investigation and inquiry along the lines suggested by Mr. Larson. But as to Petawawa, after all, Petawawa is a very small part of a very large picture and we are supposedly concerned with the larger picture. The second thing is that Petawawa involves, in a general way, the set-up of handling stores plus the acts of certain individuals, and the fact is that it is being thoroughly investigated on the side of individual crime by the R.C.M.P., as a result of which charges have been laid and others are being considered, and on the other side, i.e. administratively it is being investigated by Mr. Currie, with special powers. Now, if we were to try to find out the situation administratively at Petawawa through people who were not yet charged but might be, because the allegation is that a conspiracy existed between members of the service and civilians, we would be attempting to get a clear picture which we certainly could not hope to get and we would probably be prejudicing the rights of a number of individuals. Certainly such persons would not want to make any replies to our questions with all of these investigations going on. I do not think, personally, it would be helpful. I would like to refer to what Mr. Macdonnell referred to, the customs inquiry, which took place in the 1920s. That was a different situation. That inquiry was initiated by a parliamentary committee which was the first court of inquiry. In this case we would be trying to superimpose ourselves on an investigation already in progress in an effort to obtain what we are seeking to obtain, a general understanding of whether these stores are properly handled and safeguarded. It seems to me we could not hope to get a clear picture at Petawawa at the



present time with all that is going on there. On the other hand, we are entitled—and I think it is our duty—to find out whether the general organization and set-up is sufficient. I think, after all, we ought to be more concerned with what results can be obtained in relation to our larger duty.

Mr. HARKNESS: In connection with what Mr. Campney has just said—

Mr. JAMES: I am no legal mind on these matters, but I am wondering, if we project this into a hypothetical case, whether we bring these chaps in from Petawawa, notably the officers in charge of accounting—and we have many very able cross-examiners here—and supposing we go after them in the Kefauver fashion, and supposing we go ahead and we come to the conclusion that there has been laxity either in the accounting or in the security measures that have been taken, I think it would be quite proper for them to have the defence counsel use our evidence in the courts, and I do not think that is what we are here for at all. It might happen to turn out that way.

Mr. HARKNESS: Section 5 of the Canada Evidence Act fully protects anyone who might be prejudiced, so that does not come to anything.

In regard to what Mr. Campney said regarding the fact that there is an investigation by Mr. Currie going on, well, the minister had those facts in mind when he invited the committee to launch an investigation in this matter.

The CHAIRMAN: Let us for one moment, Mr. Harkness, read what the minister said. I am reading from *Hansard* of April 21, page 1424:

In addition to the investigation being continued by the R.C.M.P. and the provost corps, I have engaged Mr. George S. Currie, chartered accountant of Montreal, a former deputy minister of national defence, to make a full investigation of the situation . . .

In addition to that, he specifically suggested that the select committee would like to look into the stockkeeping, accounting or auditing procedures, or any other matter relating to its work.

Mr. HARKNESS: On the spot or anywhere.

The CHAIRMAN: Yes, on the spot. No objection to that at all.

Mr. MACDONNELL: We can investigate everything except what needs to be investigated, is that a fair way of putting it?

The CHAIRMAN: No, that is an unfair way.

Mr. MACDONNELL: I think this whole thing may be all summed up in that little nursery rhyme, which I will quote:

Mother, may I go out to play?

Yes, my darling daughter.

Hang your clothes on a hickory tree,

But don't go near the water.

The CHAIRMAN: For your information, Mr. Macdonnell, not only have we three investigations going on at the present time, but the *Ottawa Journal* of yesterday carried this item, and I quote:

Opposition Leader Drew today announced the appointment of Vernon Kemp, C.B.E., former R.C.M.P. assistant commissioner, as his personal assistant. I drop a paragraph for no reason. (continues reading)

. . . There was immediate speculation that he would assist his chief in developing the Opposition case for an independent inquiry into alleged irregularities at Petawawa military camp, where charges have been laid, and into the general safeguarding of Defence properties across the country . . .

This is from the *Journal*. You see, now we have four investigations. We are going to have more investigators than culprits.



Mr. HARKNESS: I do not see how you can take speculation in the *Journal* as an investigation.

The CHAIRMAN: This is evidently a handout to the *Journal*; it could not be otherwise.

Mr. HARKNESS: Well, I knew nothing about it.

The CHAIRMAN: The *Journal* is not a Liberal paper, I am told.

Mr. HARKNESS: That has no relation whatever to the motion which I moved in the steering committee and have moved again now.

Mr. FULTON: Are you prepared to give that inquiry some official recognition, if it is taking place—is that your argument, Mr. Chairman?

The CHAIRMAN: You led me into the suggestion, and what I did not originally suggest, that this was part of Drew's gestapo.

Mr. APPLEWHAITE: I think it is fairly well agreed that the whole committee has a great deal of sympathy with the suggestion as made by Mr. Harkness and with the objectives which I think and hope that it has in view, that there would appear—it is not yet proved—to be some weaknesses in our system whereby these things have happened, and this committee certainly wants to go into that, wants to know where the weaknesses are, if any, so that there will be some improvement; so the only possible good that this committee could achieve in this connection would be to prevent, or assist in preventing, similar occurrences happening again. We are not interested at the moment in who stole what. We are not interested at the moment in anybody's guilt or innocence. I was particularly taken with Mr. Fulton's reference to the revision to the Criminal Code by the House of Commons. The House of Commons will discuss every section of the Criminal Code, but it will not be allowed to discuss the details or the evidence in cases under any of these sections which are now pending. That is the situation we have here. If Mr. Harkness is going to insist on pinpointing Petawawa, we may come to a parting of the ways in this committee, but I am rather hopeful that we may be able to cover all the ground which Mr. Harkness wants covered and still not prejudice anything. It is not within the powers of the terms of reference of this committee to try to make everybody honest. In any organization where you handle material and money you are going to get a certain number of people whose main objective seems to be to twist and turn regulations in order to make something for themselves on the side. I believe the most highly organized business in this country, from the security point of view, are the banks, and they cannot even protect themselves always from inside jobs. We have a duty in this committee—if there are weaknesses and sloppiness either in the way our system has grown up or in the way it is administered, to draw this to the attention of the government with a view to having them corrected. In so far as Petawawa itself is concerned, I think from a practical, not a legal, point of view, that if this committee undertakes to investigate the occurrences at Petawawa now, you will have, from a practical point of view, a most injurious and damaging effect against the country. There are possibly two or three professional investigations under way at the moment, the mounted police, the provost corps, and Mr. Currie, and this investigation, and they must be having some effect because there was a report of a further arrest over the week-end. They are professionals, the mounted police and the provost corps, and what they are doing we do not know. If we come in—and I say this with respect—as a group of amateurs and undertake a concurrent examination into the events at Petawawa, what we are going to do is to muddy up the water. The people who are trying to make an efficient organization will find it that much more difficult, and we, through perhaps a misguided sense of duty to the country, will have done the one thing we do not want to, we will have

made it more difficult for the country to find out what is going on at Petawawa and what has to be corrected. In so far as Mr. Currie's report is concerned, I think it is in a class by itself. I assume that his report will be made to the minister, it may be confidential or it may be tabled, I do not know. It may contain some questions on security matters which cannot be made public.

I have endeavoured in this amendment to leave room for us to get that report if it is of such a nature that it can be tabled in the House of Commons, because if it is tabled it can be produced in the committee.

There is another thing I want to mention. We have here literally billions of dollars worth of items the country wants us to do something about, and with an inquiry it is possible that they may find items in there of thousands of dollars on which improvements might be made. In the meantime we are discussing the possibility of investigating an item which we are told may not exceed \$50,000 and which, so far as recovery is concerned, we have no recourse, but so far as recurrence is concerned we may do some good. Of course this Petawawa affair is more spectacular and interesting to investigate. It is more interesting to investigate a crime than to go over these figures we are supplied with, but that is not the major part of our job. I would move a subamendment to Mr. Harkness's motion, and I might ask you to listen to this carefully because it most likely will fall in line with what he has in view:

That all the words after "that" be struck out and the following substituted therefor:

That pursuant to the terms of reference of this committee evidence be taken from competent witnesses dealing with the administrative procedures laid down by the Department of National Defence for the receipt, stockkeeping, issue and accounting of stores, material and equipment at military camps and establishments and in particular the steps taken to prevent, discover and eliminate the loss, misuse or wastage of government property of every kind and that the committee thereafter consider what further steps, if any, should be taken.

The CHAIRMAN: Gentlemen, let me read it again:

That pursuant to the terms of reference of this committee evidence be taken from competent witnesses dealing with the administrative procedures laid down by the Department of National Defence for the receipt, stockkeeping, issue and accounting of stores, material and equipment at military camps and establishments and in particular the steps taken to prevent, discover and eliminate the loss, misuse or wastage of government property of every kind and that the committee thereafter consider what further steps, if any, should be taken.

Mr. HARKNESS: Mr. Chairman, I would say in connection with that, it is merely putting in formal terms the suggestion you made that we should investigate something else rather than the particular set-up at Petawawa.

The CHAIRMAN: I did not exclude Petawawa. Both of you have insisted on that and I have tried to correct you. I cannot do any more than make the record clear. Petawawa is not excluded, nor is any other camp excluded.

Mr. HARKNESS: It seems to me that in view of all the discussion we have had this is the intent of this motion.

Mr. APPLEWHAITE: The intent is to cover the whole system everywhere.

Mr. DICKEY: Perhaps I might just say this. I did hope after having listened to Mr. Harkness and Mr. Fulton and Mr. Macdonnell, particularly what Mr. Fulton said that there had been some misunderstanding on my part at least as to what the intent of Mr. Harkness's motion was, but unfortunately Mr. Harkness has, I think, made it abundantly clear, certainly to me, that in spite



of what Mr. Fulton said the purpose and intent of his motion is to get this committee to make a specific investigation of what occurred at Petawawa. Now, my view is that that is quite improper and I certainly would not support any motion which has that as its studied and obvious intent.

Mr. FULTON: Mr. Chairman, may I just say a word, because there has been expressed agreement with the general statement or the general portion of my statement, and I would hope if that is the case that, in view of what I may say further, the gentlemen who expressed that agreement would see that my statement and their agreement at any rate preclude us from making an inquiry into Petawawa. I said it seems to me there are two different things, one to investigate the guilt or otherwise of persons charged with a specific theft, the other to investigate the administrative and security set-up under which the thefts took place, and with that second feature the investigation and the administrative and security set-up might embrace several camps besides Petawawa, but it was what I said, to be confined generally to a general investigation of other camps, but it was implicit and it was intended as part of what I said that only the set-up at Petawawa and that investigation into Petawawa and other camps would be quite apart from the question of looking into the guilt or otherwise of those who are charged.

Mr. CAMPNEY: Well, those two questions are mixed up together in your Petawawa situation today.

Mr. FULTON: I cannot see that the one necessarily includes the other, and if it does then it seems to me the point which others have made, that any witness who comes before us and is asked questions about the procedure at Petawawa and what has been going on there and feels that his answer might incriminate him has the protection of section five of the Canada Evidence Act. But we are not asking that the persons charged be brought before us, that is not part of this motion at all. We are asking that persons from Petawawa who can speak with authority on the precautions that exist there, should come, and I doubt whether any of the witnesses we want would have to invoke section five of the Canada Evidence Act. The investigation at Petawawa is quite apart from the other investigation which may be going on as to the guilt or otherwise of specific persons who are accused of theft, and if Mr. Dickey and Mr. Applewhaite agree there is any validity in the point, might I hope they will consider further that the point which I made and intended to have specific reference to Petawawa is not valid.

The CHAIRMAN: We have now had an hour's discussion. Everyone who has asked has had at least one opportunity to speak. The motion has not changed very materially since we began the discussion on it. We ought to bring it to an end and have the matter decided now.

Mr. DICKEY: As Mr. Fulton did more or less address a direct question to me, I would like to say that, quoting from the motion of Mr. Harkness as follows: that the committee get evidence from witnesses who can outline the losses of stores, etc., which have taken place, and the manner in which they have occurred. Now, referring that to Petawawa, it seems impossible to me that any investigation that we could undertake could do nothing but interfere with matters which are sub judice.

The CHAIRMAN: Let us get on, gentlemen. We have the report of the subcommittee, an amendment of Mr. Harkness, and a subamendment by Mr. Applewhaite. There is no purpose in my reading these again. You know generally what they contain. The vote first will be on the subamendment.

Mr. FULTON: I believe that Mr. Applewhaite's amendment is to delete all the words after the word "that" in the amendment and substitute other words.



The CHAIRMAN: Yes.

Mr. ADAMSON: Mr. Applewhaite, would you object to including in your motion the representative of the bodies now doing the investigation?

Mr. APPLEWHAITE: I do not follow you, I am sorry.

Mr. ADAMSON: Apparently the investigations are being carried on by the R.C.M.P. and others. Now, the witnesses we will get under your suggestion will be witnesses saying that every precaution is taken, that the padlocks are fastened and the door is locked; but on the other side of the question, I feel these official investigators could give us very useful information.

Mr. APPLEWHAITE: Mr. Adamson, from my own point of view I would object most strongly to that, because, if I follow you right, we might bring the mounted police in here who are halfway through obtaining something, say, on a brigadier. Either he does not reply to the questions we ask him or he has to give away his case.

Mr. ADAMSON: I do not mean that the investigation would be made while the matter is sub judice. I mean it should be done after the investigation has been carried out. I realize it would be most dangerous and wrong to bring a witness in while the case is going on, but I feel that those people who are doing the investigations might have profitable suggestions, and more profitable suggestions than merely the military personnel.

Mr. APPLEWHAITE: Those last two lines would apply equally to the mounted police.

The CHAIRMAN: The first vote is on Mr. Applewhaite's subamendment. All in favour? Against?

The subamendment is carried and that will be the report of the agenda committee.

Mr. HARKNESS: I think we are in a very peculiar situation in this committee.

The CHAIRMAN: Let me just complete it. We have to pass the report of the committee. Mr. George moved. All those in favour?

Carried as amended.

Mr. HARKNESS: I think we are in a very peculiar situation in this committee now when the committee has refused to investigate these occurrences at Petawawa.

Mr. DICKEY: On a point of order, Mr. Chairman.

The CHAIRMAN: The chairman has reiterated time and again that there has been no such refusal. Mr. Harkness insists upon saying it. I cannot stop him from saying it, but if he likes to hear his own voice that is up to him.

Mr. HARKNESS: I think the facts speak for themselves.

The CHAIRMAN: Mr. Mackenzie could not be here this morning.

Mr. MACDONNELL: There is a case for doing something and a case for doing nothing, and the steering committee came in and recommended us not doing it. There is no case, in my opinion, for continuing this half-baked investigation. It is just make-believe.

The CHAIRMAN: Our first witness today will be Mr. Drury.

## EVIDENCE

**Mr. C. M. Drury, Deputy Minister of National Defence, called:**

The CHAIRMAN: The first item is questions that were asked the last sitting. We have an answer to item No. 400. The number of units was 1,136. I think Mr. Drury was to give us some details on these units.

The WITNESS: Mr. Chairman, I have here a list of the vehicles represented by this item. They were vehicles purchased for the initial equipping of the 25th Brigade group proceeding to Korea, and that covered, as one might expect, almost all the types of vehicles which a brigade group going into this kind of operation would require. It is quite an extensive list. I do not know whether members would like me to read it.

The CHAIRMAN: No, but will you file it?

Agreed. (See Appendix No. 17).

The WITNESS: I should point out that the numbers shown here do not accord with the numbers shown against item 400. The numbers in the list which I will file add up to 1,373 as against 1,136, which represents the original order. The original order was an estimate of the requirements of the brigade group. This requirement has been altered slightly in accordance with experience gained in Korea.

Mr. DICKEY: Does it involve any increased expenditure?

The WITNESS: The estimated value of the contract shown against item 400 on page 36 is, \$8,000,000 up to January 31, 1952. The revised estimate, and we are still trying to reach a final figure with the Americans, is \$8,567,068. That is \$567,068 more than the original estimate of \$8,000,000.

Mr. ADAMSON: You mean it is \$8 million more?

The WITNESS: \$567,000 more.

The CHAIRMAN: Item No. 401. That was a question asking their use.

Mr. HARKNESS: I asked what the purpose of them was.

The WITNESS: This light tank is the Chaffee, which has replaced the Stewart. It is a 20-ton tank used in the reconnaissance element of armoured units. Its main armament is a 75 mm gun. The Stewart was only armoured with a 37 mm gun.

Mr. HARKNESS: Just before you leave that. Those 9 tanks are the only ones of this particular tank we had? They are sort of orphans in the service, are they?

The WITNESS: Those are the only ones we are now purchasing, Mr. Harkness.

Mr. HARKNESS: Is that not getting us into the situation where we have a few tanks of this kind and a few of another kind, which is not only expensive on training and repair problems, and so forth.

The WITNESS: As I pointed out at the last meeting, it is the studied aim of the forces to reduce to the greatest possible extent the number and variety of models of any particular family of weapons or equipment. In this sense, both the desire of the men who have to operate and run these things and the interests of economy are worked in precisely the same direction. From time to time unfortunately, it is not possible to achieve this ideal by reasons of

unavailability emergent circumstances of one sort or another, and we have to go either temporarily or permanently to a larger variety of models than perhaps might be ideal.

Mr. ADAMSON: Is this tank in service now in Korea?

The WITNESS: It is not in service with Canadian forces in Korea.

Mr. ADAMSON: Is it in service with the American forces?

Mr. DICKEY: Is that quite a proper question, Mr. Chairman. I wonder if there could not be some question of an objection by the Americans. I think it is outside the terms of reference.

The CHAIRMAN: The question was, is it with the Canadian forces now, and the answer was, it is not.

Mr. DICKEY: I think, strictly speaking—

The CHAIRMAN: Could you re-word your question, Mr. Adamson?

Mr. ADAMSON: The basis of my question was, is it a piece of armour that is now obsolete or not.

The WITNESS: No, it is not obsolete. It is, as I mentioned earlier, the successor to the Stewart tank, which is pretty well obsolete.

Mr. GEORGE: These nine tanks are in Germany?

Mr. DICKEY: Again, Mr. Chairman, I wonder as to the propriety of that question. We are going to get into quite a bit of difficulty with this sort of question.

The CHAIRMAN: Let us stop, then.

Mr. APPLEWHAITE: Would it be fair to ask this, are these tanks purchased for combat or training use?

The WITNESS: That question was asked once before, Mr. Applewhaite. If there is going to be no war, they are purchased only for training; if there is going to be a war, they are purchased for combat as well.

Mr. STICK: They can be used for combat, in other words?

The WITNESS: That is correct.

Mr. ADAMSON: My point in raising the question is simply this, that the reports have come back from Korea and have been published very widely as to the excellence of the Centurion tanks working under battle conditions in Korea. There has been no secrecy about it. The reports have been widely publicized in the press and I really can see no reason to hold this information secret as to whether these tanks are now actively being used in combat or not. The only place we have combat at the present time is in Korea, and there is nothing like testing a piece of equipment as good as having it in combat.

The CHAIRMAN: There is a later question, Mr. Adamson, that will deal with the Centurion tank and compare it with its opposite American number.

Mr. MACDONNELL: None of us want to infringe on security, but we must be realistic about it, and surely what Mr. Adamson says is true. It is make-believe to make secret information which has been publicized in the press.

The CHAIRMAN: I do not see any objection to the question. We have a reply later asking for a comparison between costs of tanks. We have an answer on that today.

Mr. DICKEY: In so far as the question regarding whether it was in action with the Canadian forces, that question was answered. My objection was to the question as to whether it was in action with the American forces.

The CHAIRMAN: Quite right.

Mr. HARKNESS: I think perhaps the main concern that we might have with all these tanks is whether it is in the interest of economy to be buying tanks of this kind and that kind and the other.



The CHAIRMAN: Ask the question of the witness, he gave an answer to it, if I recall.

Mr. HARKNESS: I was just commenting on that answer. The aim, the witness said, was to have as few types as possible, but apparently we are not meeting that aim.

The CHAIRMAN: Why are we not attaining that aim, Mr. Drury?

The WITNESS: We are progressing to it, as rapidly as we can. Our light tank at present is the Chaffee.

Mr. HARKNESS: You said before that these nine are all that had been ordered and all you proposed to order—

Mr. DICKEY: No, he did not say that at all.

The WITNESS: I do not think so. I said this is all we had ordered at the present time. I do not think, Mr. Harkness, I said that was all that were going to be ordered.

Mr. HARKNESS: As I understand you now, you intend to proceed with purchases, then, of this Chaffee tank and make it the universal light tank of our armoured force.

The WITNESS: That is the intention.

Mr. HARKNESS: And it would supersede all of the light tanks we have at the present time, which are Stewart tanks?

The WITNESS: Yes.

The CHAIRMAN: Item 403, tanks, medium. What is the question on that?

Mr. HARKNESS: Items 402 and 403, I think, essentially were that we were to get the answer to the comparative costs of these American tanks as compared with the Centurion tanks, complete with spares and what not.

The CHAIRMAN: Yes, Item 402, we are dealing with that now.

Mr. HARKNESS: And 403.

Mr. STICK: The two of them at the one time?

The CHAIRMAN: Yes. Mr. Beaupre will now answer that question.

**Mr. T. N. Beaupre, Assistant Deputy Minister of Defence Production, called:**

The WITNESS: Mr. Chairman, it has been fairly difficult to get the exact type of answer that I think everybody would like to have, and maybe, if I could just sketch the background of our position on this tank situation, it would be helpful. The Centurion tank, which is being purchased in the United Kingdom, is still very much in the first production stage. In other words, while numbers have been produced and are in combat, as yet they have no final production lines and their prices are, by no way, firm. Volume and modifications, as a matter of fact, affect all prices of military equipment. First of all, let me say our initial contract was placed with the British pretty well, through exchange of letters of agreement on the basis that we would purchase these tanks, knowing we were going to get them from their government-owned arsenal at the price they were going to get them for themselves.

Mr. STICK: We cannot hear you down here. You are speaking to one man. Speak to the whole committee. Speak so that all the committee can hear you, not just to one man.

The WITNESS: I was just saying that the prices in Britain which we started with were provisional prices, prices based on their first estimate before production had proceeded sufficiently to allow them to make firm prices. Since then, there was a revision which we have used as a preliminary price, and following the meeting last Tuesday we cabled the United Kingdom to see if we

could have that price confirmed, and, as I said, all we have now is the best possible estimate, with production just getting established in the United Kingdom and with prices yet to be finally arranged.

*By Mr. Stick:*

Q. What about the quantity?—A. I am taking the quantity that is shown here, which is 50.

Q. Can they supply the quantity you require?—A. Yes.

Q. You have received a confirmation from them?—A. There is no reason to believe they will not supply us according to the agreement.

Mr. ADAMSON: The important point is, can they give us the tanks?

The WITNESS: Some are already delivered, as we know.

The CHAIRMAN: Have they already delivered 40 Centurions?

The WITNESS: Yes, 40 have already been delivered. Now, the prices breakdown I can give you in some detail, emphasizing that that is provisional. The cost of the tank is \$46,856.

The gun, \$49,612.

Spare barrel, \$2,260.

That is a basic price of \$98,728.

To that should be added items of tote, which I understand are the bits and pieces, the furnishings within a tank, which are added on, the whole amounting to \$2,495. And then one year's maintenance spares, \$12,679. That brings the total so far up to \$113,902. There are, in addition, United Kingdom administration charges of \$5,694.

Mr. STICK: What is that for?

The WITNESS: If you were buying from a private firm—say, a selling agency—that would be all the expenses a selling agent would enter into in selling to you. It is a service charge. We charge it here, I mean our own government charges it, when we handle things for other governments.

Mr. ADAMSON: A sort of an overhead.

The WITNESS: That is right.

That brings us to a total of \$119,596.

Mr. CHURCHILL: You would not normally add in that \$12,679 maintenance spares for each tank?

The WITNESS: That is the estimate for one year's spares per tank.

Mr. CHURCHILL: You would not normally buy them on that basis, because the tanks differ in requirements of spares. It seems to me to be a large figure to add on to each tank.

Mr. DRURY: This has struck quite a few people as being a very large figure. They are, as you suggest, not scaled on a basis of a complete set of spares per tank, but a scale of spares based on experience, related to the total number of tanks in operation, and the type of operation they are likely to be engaged in, together with the system of supply. All these factors have to be taken into consideration to arrive at a suitable figure for the spares. Mr. Beaupre has broken down the total spares requirements divided by the total tanks and put a price per tank for the spares, but it does not mean that there is one year's supply of spares accompanying each tank.

Mr. STICK: That was done so as to make a comparison between this Centurian and the American tank—is that the purpose you are trying to reach?

The WITNESS: I am going to try to show the short-comings in making these comparisons. You will see it is a rather difficult position.

The shipping charge within the United Kingdom, rail, \$276.

Ocean shipping, \$2,417.

Further, Montreal, is the base delivered point we took, and we can get two figures, depending on whether they are landed East Coast or directly at Montreal. There is a difference between \$3,718 or \$2,753, depending on the route by which they are brought over. They are duty free and carry a sales tax of \$11,960.

The total delivered cost in Canada, if routed via the east coast, is \$135,274; if routed via Montreal, \$134,309.

The CHAIRMAN: Will you now proceed to give us figures for the comparable American tank.

The WITNESS: May I just reiterate once more that we tried to get the figures for the Centurion and to get them as firm as possible, but the United Kingdom was unable to give us a firm figure in a message which was received this morning. Those are the best figures we have at present.

Mr. MACDONNELL: You have 40 of these tanks already, four-fifths of the order has been delivered, and yet you can still get nothing definite in the matter of costs of things which have been manufactured and delivered.

The WITNESS: The answer to that, maybe, is that, if we wanted to take the first firm prices given us, they would be glad to have us do so, but we are negotiating to get advantage of any volume production not only from ourselves but also from any other customers, and they are prepared to give us the best price on volume production.

The CHAIRMAN: Will you please proceed.

The WITNESS: It is very difficult to compare the Centurion with the Sherman tank. It is my information that these tanks have not been on this continent since the Pacific War ended in 1945-46.

Mr. HARKNESS: Which tanks do you mean?

The WITNESS: The Shermans.

Mr. HARKNESS: The Shermans that we purchased?

Mr. ADAMSON: Which tanks do you mean?

Mr. HARKNESS: You say these tanks have not been on this continent, the tanks we purchased have not been on the continent? But there are plenty of these tanks on the continent in the United States?

The WITNESS: I am speaking of the tanks which we purchased, and I say these were tanks which were left in the East at the end of the last show. These tanks were in the eastern theatre of war during the last war. They were tanks that were left there, rehabilitated out there and sold to us out there. In other words, they have not come back to Canada. They were sold to us and we took possession of them in the Korea-Japan theatre; so, you see it is very difficult—

Mr. HARKNESS: These are the wartime type of Shermans, they are not the improved Sherman that we were talking about yesterday, of which we bought one of them, at any rate, for \$148,000?

Mr. DRURY: The Shermans have been in process of continuous modification. The Sherman was originally known as the M4, and then became the M4A, the M4A1, and so on through a series of numbers. The particular tanks we bought represent a stage of modification indicated by the designation M4A3, and they are generally comparable to the wartime Sherman with a number of improvements which have been introduced progressively since the war.

Mr. ADAMSON: But these are, essentially, used vehicles? They have seen service?



Mr. DRURY: Not necessarily, because the Americans had no occasion to fight with Sherman tanks in Japan. I would like to make a correction; M4A3E8, is the letter-numerical designation of the tank in question.

Mr. HARKNESS: I think the important thing for our purposes is that they are essentially the Sherman we had during the war with certain modifications to improve them.

Mr. DRURY: That is correct.

The CHAIRMAN: Please proceed, Mr. Beaupre.

The WITNESS: It is almost impossible to make a real comparison, because we are taking tanks in a theatre of operations compared with tanks coming off a production line with all charges to be paid.

Mr. HARKNESS: Is this tank, which is listed here in item 403, the improved tank or is that a different tank?

The CHAIRMAN: The same tank as what?

Mr. HARKNESS: The same tank as the Shermans which we purchased in Korea and which are essentially the wartime Shermans. Is this the same tank or a different one?

The WITNESS: This is one of the 21 we purchased in situ in the Far East. It is one of the 21.

Mr. HARKNESS: It is the same tank, then?

Mr. ADAMSON: Your difficulty, then, is that we are trying to compare a vehicle which is 1944, constructed essentially in 1944-45, with a 1952 vehicle, and any comparison of cost, no matter what you may say, is bound to be misleading. I am trying to help you clear up that point.

The WITNESS: The elements of cost are different in the two instances, because one was bought on the scene, with no delivery charges, and the other is being brought from the United Kingdom.

Mr. CAVERS: Is the Sherman tank still costing us more money than the new Centurion tank?

The CHAIRMAN: Just before that question is answered, would you permit Mr. Beaupre to place on the record the comparative figures, and then Mr. Cavers will have an opportunity to ask questions.

The WITNESS: I think it is hard to give any figure further than the fact that the basic price of the Shermans that we bought was \$127,219, and that this with spares brings it up to \$148,000.

The CHAIRMAN: Now, Mr. Cavers.

Mr. CAVERS: Can the committee then take it this Sherman tank which apparently cost \$140,000 and some odd hundred? That rehabilitated tank has cost more than the Centurion tank, a new tank which cost, roughly, \$135,000.

The WITNESS: I think that the answer to that question is that this very Sherman tank—because we had to buy at that time right in Japan—these particular 21 Shermans would compare with that cost; they cost somewhat more than the Centurion which we are going to get on a production basis from the United Kingdom.

The CHAIRMAN: Let us see if this is what Mr. Cavers has in mind. At the time you bought this American tank, were Centurions available?

The WITNESS: No.

The CHAIRMAN: The Sherman was available for use at that time?

The WITNESS: The Centurion tanks were not available to us at that time.

The CHAIRMAN: You say these Centurion tanks were not available to you at that time. That is the point.

Mr. CAVERS: Therefore, in order to see us through that period, because the Centurions were not available, you bought this Sherman?

The WITNESS: That was it.

Mr. DRURY: While the single tank is priced at \$148,000, the remaining 20 cost \$2½ million, or an average price of \$125,000 each. Now the situation was this: we needed tanks, and the only ones available were Shermans in the theatre; so we endeavoured to get the best possible price we could from the United States government, which alone had them; and that was the best price we could agree to.

Mr. GEORGE: Has any endeavour been made to persuade the British government to do away with the gasoline engine and put a diesel engine into these tanks?

The CHAIRMAN: You are working out of the witnesses field, and this committee's scope. I am afraid you are becoming a little too technical.

Mr. HARKNESS: It amounts to this: the first information we got about these tanks—and I refer particularly to item 402 "Centurion tanks, \$88,000", was not a correct picture.

Mr. DRURY: It was not the total estimate, or the currently estimated cost of the tanks.

The CHAIRMAN: You have been here at all the meetings, Mr. Harkness. Mr. Mackenzie was here and he made it very clear to us that this was an estimated and not a final figure. I think the record will disclose that.

Mr. HARKNESS: The point is this: I find it difficult to understand why we have an estimate of that nature presented to us when the actual costing was done, and the tank was \$97,000, less all these shipping charges as well as the sales tax, the spare parts, and what not.

The WITNESS: May I say that actually we placed this order with the United Kingdom earlier than we might have done in the normal way, so that we could get into their production line and get a claim on any Centurions. I would like to state that this book we are referring to was made up in anticipation of the session of the House, so we had to prepare this as close after the 31st of January as possible; and we had to see to it that we got a place in the United States production line.

Mr. HARKNESS: Don't you mean the United Kingdom?

The WITNESS: I am sorry; the United Kingdom production line; and I repeat: that we are not going to try to prove any one of these figures as being exactly accurate, as Mr. Mackenzie suggested; and even the figures which I gave this morning are subject to revision, because we might have better figures in a few days. They may be subject to a reduction either upwards or downwards.

Mr. APPLEWHAITE: I take it that any change would be a reduction.

The WITNESS: I could not guarantee that.

Mr. APPLEWHAITE: There is a possibility that there will be a reduction?

The WITNESS: Yes.

Mr. HARKNESS: Some of the figures we discussed in the committee on the first day or two were \$88,000 for the Centurion, and \$148,000 for the American tank. When these figures are given out to the country and they are used by two or three people in the House as well, when the result is quite different, the general public gets a totally wrong impression of what the cost of this material is; so I think it would be in the interests of all of us if the figures we had here were much closer to the actual facts than they appear to have been so far. Certainly it has taken us a great deal of time now to get into the actual figures on these Centurion tanks, and it has also caused all these wrong impressions.



The CHAIRMAN: Is that not our purpose in this committee? Is not that why we are here, to get down to details and bring out facts and parade them before this committee and before the public? The witness has given a reason and an explanation as to why the first figure was given; it was a dealing between governments, and you, as a tank man, can quite understand what happened. The witness said that we tried to buy our way into the production line. That is normal; whatever the cost may be, we have confidence in dealing with the British government; and we said: whatever you charge there, you charge us. Does not that sound sensible.

Mr. DICKEY: In giving evidence to the committee on these matters, I can recall at least three occasions when both Mr. Drury and Mackenzie made it absolutely clear, and warned the committee that in no one of these items were they necessarily comparing like with like; and that there were spare parts supplied and other things with respect to all these contracts which made differences; and they warned the committee against doing the obvious long division sums, which would produce a unit price. Therefore anybody who uses a unit price is doing so on his own responsibility.

The CHAIRMAN: No. That is not the point. Mr. Mackenzie was asked point blank what was the price of the centurion tanks and Mr. Mackenzie said: I think it is about \$88,000 subject to revision as to the number manufactured and a quantity price, and other items. He was doing his very best in passing along a figure to this committee which was the only one he had. Since then Mr. Beaupre has attempted to obtain a final figure, I do not think he has been able to do so as yet.

Mr. DICKEY: And also to bring in all the details of the price which had to be added, to get the comparison that Mr. Harkness and other members of the committee had asked for. So that there may be no misunderstanding about it, in dealing with things of this nature we are dealing with facts. The Department of Defence Production and the Department of National Defence were asked to bring in facts. They have done so, and the figure shown here under item 402 is the estimated value of the contract, and it is in fact the figure that had to be given at that time as the best figure available. If it were possible to give all the details and to answer every question in a tabled return, then this committee would not have to sit at all. We could put it all in the return and do without the sittings. The purpose of this committee is so that Mr. Harkness and all the other members of the committee can ask questions on these matters and get all the additional information that may be required.

The CHAIRMAN: Let us get on with the answers. We are on item 403; and from there we pass to item 410, "Tank Spares". Who speaks to that?

The WITNESS: These tank spares are for United States tanks.

Mr. HARKNESS: They were purchased from the United Kingdom government.

The WITNESS: That is right, but they were spares for United States tanks and were purchased from the United Kingdom government. The background is that the United Kingdom government had these spares, possibly as a result of some lease-lend material which was left over, and that is where we got these spares. It was a bundle of spares useful to us, and we got them from the United Kingdom government, just as we might get them from anyone else.

Mr. HARKNESS: It was rather a lot of salvaged equipment?

The WITNESS: Yes.

Mr. ADAMSON: It was for use on United States type of vehicles?

The WITNESS: That is right.

The CHAIRMAN: There was one question Mr. Churchill asked with respect to item 412.



Mr. CHURCHILL: Yes, and you have linked it with items 169, 170, and 171.

Mr. DRURY: Item 412 is a truck, with a fuel-mixing unit; it is not in itself a flame thrower; it is merely a vehicle for mixing the fuel for the flame thrower. Item 405 about which you already have asked, is a half-track type of vehicle carrying four 50 caliber machine guns on a single mount; and it is used against low flying aircraft.

The CHAIRMAN: We are now on items 417 to 423.

Mr. CHURCHILL: I do not know whether you had gone through those other items I mentioned; you did not link them in with the whole picture of flame throwers; there was \$½ million involved in the four items combined.

Mr. DICKEY: I think that comes under armament.

The CHAIRMAN: The witness has not had an opportunity to look at it. Will you please leave it for the moment.

Mr. HARKNESS: What about items 413, 414, and 415 which I asked about, mobile baths and laundries?

The CHAIRMAN: I do not remember any questions asked about them.

Mr. HARKNESS: You and I had a discussion on it, do you not remember?

The CHAIRMAN: Was there something more than that?

Mr. HARKNESS: Yes.

The CHAIRMAN: I must have missed it.

Mr. HARKNESS: I asked about the necessity of making these purchases in view of the fact that we had a lot of this equipment left over from the war.

Mr. CHAIRMAN: That was my fault. We will have an answer at the next meeting.

Mr. DRURY: I am not sure precisely what the question was.

Mr. HARKNESS: The question was: why was it necessary to acquire these purchases in view of the considerable amount of that type of equipment which we had at the end of the war?

The CHAIRMAN: Do you not remember my answer to that: it was, we left them over there for the use of the people who needed them more than we did.

Mr. DRURY: I think I can confirm that answer, if that would satisfy Mr. Harkness.

Mr. HARKNESS: We left some of them over there, but did we not bring any of that material back, and have it in our stores?

Mr. DRURY: We brought back very few of these units from the continent. You may recall—and I have some personal knowledge of this—at that time UNRRA was in operation, this was the kind of equipment for which there was a very great demand on the continent for use in relation to dis-infestation, and cleaning up displaced persons camps. The requirement was very substantial, and the need was very urgent; so in fact we brought back very little in the way of this special equipment.

Mr. HARKNESS: There is some \$½ million involved for the purchase of 20 vehicles and 10 trailers, which appears to be quite a large sum for a limited number of vehicles. I would like to have some more information as to what the situation is in regard to these particular purchases in relation to the other equipment which we held at one time.

The CHAIRMAN: If Mr. Drury says that we did not bring back this equipment and left it over there, how much further can he go?

Mr. HARKNESS: How much did we bring back, or is still in Canada?

The CHAIRMAN: How much did we bring back? We may be able to find that out and give you the answer.

Mr. HARKNESS: The whole question in this case is whether or not this was a justifiable purchase, or merely an extravagance. I would be inclined to think myself it was just an extravagance.

The CHAIRMAN: No, no, Mr. Harkness. We are straying from questions and expressing opinions. Ask your questions and he will answer them; you can make your observations at some time in the future. I do not think this is the place for you to express views.

Mr. HARKNESS: I have made only one observation by way of explanation of why I wanted these answers.

The CHAIRMAN: Very well, we will see what we can get for you. Items 417 to 423.

Mr. JONES: Would it be possible to get any information regarding purchases made from private dealers?

Mr. DRURY: I cannot answer that; I certainly doubt it. You mean dealers on the continent. I would think that some of the Canadian equipment which was turned over to the various government agencies on the continent might, in subsequent transactions, find its way into the hands of private dealers, but not directly from the Canadian government.

The CHAIRMAN: Items 417 to 423; who can answer that?

Mr. HARKNESS: This is about jeeps.

The WITNESS: It is about the comparative costs of jeeps; item 417 is for the straight commercial types rather than for the military type of jeeps. You will remember that Mr. Grant explained the several differences between those two vehicles; in the commercial jeep, the unit cost was \$2,394, for item 417. In item 418 there is what might well be called a recording error; it is very misleading. Originally the order was for 500 jeeps which would have amounted to \$1,432,273, if they could have got them at that time. However, the American government was able to supply only 260 jeeps. Actually there has been a refund of the difference between the expenditure as it appears in the expenditure column of \$744,884, and the estimated value of the contract.

The CHAIRMAN: What is the difference in price between the two jeeps?

The WITNESS: It is \$2,864 for the United States military jeep, which is item 418.

Mr. HARKNESS: Rather than what?

The WITNESS: The jeep from the United States is \$2,864 as compared with \$2,394.

Mr. HARKNESS: Those are the commercial jeeps?

The WITNESS: Yes, I am sorry. I am in error—they are military type vehicles.

The CHAIRMAN: What is item 419, is that commercial?

The WITNESS: That is a military type of jeep.

The CHAIRMAN: Item 418 is military jeep?

The WITNESS: Yes.

Mr. ADAMSON: That is \$2,800?

The CHAIRMAN: \$2,864, yes.

The WITNESS: This is the basic price; there were other charges, such as delivery charges and so on.

Mr. ADAMSON: Is the sales tax included in the purchase price?

Mr. DRURY: These are purchases made from the United States government and the Canadian sales tax on each of these vehicles, when they are shipped direct to Europe, would not be chargeable.

Mr. HARKNESS: But it would be payable if delivery was made in Canada?

Mr. DRURY: That is correct.

Mr. HARKNESS: So the total would come to over \$3,000; this would include delivery charges, and sales tax for jeeps delivered in Canada?

Mr. DRURY: If those had been delivered in Canada, they would have included the sales tax, but there would have been a reduction in the transportation charges. I do not know how these two things would compare. I am not in a position to confirm your assertion.

Mr. HARKNESS: Well, the delivery charges and your sales tax would run the jeep quite definitely well over \$3,000, because it is \$2,864 without these charges?

The WITNESS: That is right.

The CHAIRMAN: Are there any questions on items 419, 420, 421, and 423? Or do you want them left over?

Mr. HARKNESS: What is this item 419? What do they run at? Would that be \$3,000 apiece?

The WITNESS: Those are our own, and they run at \$3,000 apiece. These were first estimates, but we are pretty confident that we will get them below that.

Mr. HARKNESS: Is the sales tax taken into account there?

The WITNESS: We have what we believe is almost a firm price now; \$2,800 for the Canadian model, sales tax included.

Mr. ADAMSON: What is the sales tax on that item, have you got any idea?

The CHAIRMAN: I think it is 10 per cent.

The WITNESS: It is 10 per cent.

Mr. ADAMSON: And is it subject to the luxury tax as well?

The WITNESS: No.

The CHAIRMAN: If that completes the questioning I think at the next meeting we should start in with "Armament, Exclusive of aircraft and ships", and give it a bit of a go. Is that satisfactory?

Mr. HARKNESS: There are still a few other questions I would like to ask on vehicles.

The CHAIRMAN: Very well.

Mr. HARKNESS: In view particularly of the information we now have on it.

The CHAIRMAN: Very well then, the meeting is adjourned.

The meeting adjourned.



## APPENDIX 14

## BY DEPARTMENT OF NATIONAL DEFENCE

*Re: Purchase of Serving Forks.*

An order has been placed by the Department of Defence Production on behalf of the Department of National Defence for 14,500 serving forks at an approximate cost of 49 cents each.

These forks are used by cooks in roasting meats and fowl, and also in dining halls for the serving of meat from platters.

The total quantity is made up of 10,000 for current use by the Army based on an actual issue of 4,000 in 1951,—500 for the Royal Canadian Navy and 4,000 for mobilization stockpile.

## APPENDIX 15

## BY THE DEPARTMENT OF DEFENCE PRODUCTION

*Re: Custom Duties on Defence Material.**Question*

I. What expenditure has been made either directly by the Department of Defence Production or by contractors supplying defence material either in the raw state as component parts or as finished articles for customs duties paid bringing the material into Canada?

II. What has been paid for the same material in the form of excise or sales taxes?

Because of the complexity of tabulating all the different materials going into the defence program, either as component parts or as finished items, it would be impossible to maintain accurate and detailed statistical records of the taxes and duties paid in connection with defence contracts. Therefore, in answering this question, estimates have been made on an aggregate basis.

*Answer*

I. In view of the obvious difficulties arising out of the complexity of tariff rates and the problem of determining customs payments by prime and sub contractors, an aggregate approach was used. It was assumed that the relationship of the duty collected to the total value of all imports into Canada could be applied to defence expenditures.

Based on the present three-year production program, it has been estimated that customs duties will account for approximately 2.5 percent of total expenditures on defence procurement in this period.

II. Based on the present three-year production program, it has been estimated that sales and excise taxes will account for approximately 7 percent of total expenditure on defence procurement in this period.

## APPENDIX 16

*Re: Contracts, etc., to Canadair*

1. Question:

- (a) How many contracts has the government (including all government departments as well as crown companies) awarded to Canadair?
- (b) What product, products and/or services was each contract for and what is the amount of each of such contract?

Answer:

- (a) 351 contracts, including 6 agreements, 4 letters of intent, and 341 purchase orders, acceptances of tender and local purchase orders, during the period from April 1, 1950 to January 31, 1952.
- (b) *Agreements*
  - (1) Agreement dated August 11, 1950 providing for Canadair to hangar, service and maintain the Model C-5 aircraft for approximately two months.
  - (2) Revised agreement dated September 15, 1950 providing for production of F-86 aircraft, spare parts, handling equipment and special tools.
  - (3) Revised agreement dated September 15, 1950 providing for the manufacture of tooling for the production of F-86 aircraft.
  - (4) Revised agreement dated September 15, 1950 whereby Canadair is authorized to act as agent of the Crown in respect to payment of royalties for the manufacture of F-86 aircraft in Canada.
  - (5) Revised agreement dated September 15, 1950 providing for the procurement of additional machine tools and equipment for production of F-86 aircraft.
  - (6) Agreement dated October 25, 1950 providing for acquisition of facilities for testing F-86 aircraft and engines.

*Letters of Intent*

- (1) Letter dated July 23, 1951 advising Canadair of the government's intention of entering into a contract for the production of additional F-86 aircraft.
- (2) Letter dated August 28, 1951 advising Canadair of the government's intention of entering into a contract for the tooling and production of T-33 aircraft.
- (3) Letter dated September 26, 1951 re capital assistance covering purchase of land, construction of warehouse and hangar facilities and procurement of machine tools and equipment.
- (4) Letter dated July 6, 1951 advising Canadair of the government's intention of entering into a contract with it for the establishment of facilities in England for the repair, overhaul and maintenance of F-86 airframes.

Amounts of the foregoing individual contracts are not given for reasons of security, but the total estimated value of these contracts placed with Canadair Limited on behalf of the Canadian government during the period was \$303,400,536.

*Purchase Orders, Acceptances of Tender, and Local Purchase Orders*

## Department of Defence Production

## Detail

	<i>Date</i>	<i>Estimated Value</i>
Spare parts and repair and overhaul of spare parts (28 contracts) .....	Various	\$1,262,138
Engineering investigation on Orenda Engine installation—F-86 .....	Apr. 8, 1950	12,801
Fabrication of mobile training units—F-86 ....	May 10, 1950	249,480
Preparation and production of technical manuals —F-86 .....	Dec. 28, 1950	218,820
Development, construction and testing of prototype F-86E Orenda Aircraft .....	Jan. 4, 1951	749,500
Training of five field engineers and services after training—F-86 .....	Feb. 22, 1951	82,500
Repairs, modifications, conversion and reduction to spares for 1951-52 and 1952-53—F-86 ....	July 5, 1951	3,250,000
Repair, overhaul and modification of mobile training unit—F-86 .....	Sept. 12, 1951	15,000
Production of maintenance and instructional charts—F-86 .....	Oct. 11, 1951	40,000
Construction and supply of export cases—F-86 ..	Oct. 25, 1951	90,000
Manufacture of additional mobile training units —F-86 .....	Dec. 15, 1951	115,000
Temporary repair, preparation for flight from Watson Lake to Canadair for reconditioning to RO-1-1 and Spec. RM-1-24—C-54 .....	Aug. 3, 1950	225,000
Modification for operational use as freighter aircraft—Spec. RM-1-24-ten North Star aircraft .....	Nov. 2, 1950	390,000
Installation of mechanical mixture controls on C-5 aircraft .....	Nov. 6, 1950	8,925
Modifications to North Star C-5 aircraft .....	Jan. 11, 1951	11,800
Repair, overhaul, modification and conversion and reduction to spares of North Star aircraft	Aug. 3, 1951	1,175,000
Temporary repair ferry flight to Canadair and reconditioning to Spec. RO-1-1 and RM-1-24 —C-54 .....	May 23, 1951	210,000
Repairs and reconditioning to RO-1-1 and RM-1-4 of Dakota Aircraft .....	Mar. 13, 1951	82,000
Repairs and reconditioning to RO-1-1 issue 8 of Dakota Aircraft Registration No. 486 .....	Mar. 28, 1951	70,000
Installation of hydraulic winch in 7 Dakota aircraft .....	May 10, 1951	350,000
Repair, overhaul, modification, conversion and reduction to spare of Dakota aircraft .....	Aug. 2, 1951	372,000
Renovation of No. 11 T.S.U. accommodators ..		9,202
Contracts classified for security reasons and 289 miscellaneous contracts under \$5,000 each, (including contracts placed with Canadair Limited by the Department of Transport, National Research Council and local purchase orders under \$50 each placed directly by the R.C.A.F. ....		228,438
Total		\$9,217,604



## 2. Question:

- (a) What is the total cost to the government of each of the F-86 planes (including air frames, engines, radio, armaments and other special equipment) now being built by Canadair?
- (b) What was the total cost to the government of each of the thirty F-86 planes (including air frames, engines, radio, armament and special equipment built in California?

## Answer:

- (a) The contract for production of F-86 aircraft with Canadair Limited provides for the payment to Canadair of the actual costs of production, plus a fee of 5 per cent calculated on a target cost, plus a bonus in the event of actual costs being less than the target. Target prices are based on the estimated number of direct labour-man-hours, and cannot be expressed in dollar terms in advance of actual production. Prices are further subject to the terms of a master agreement, under which Canadair's over-all profits in excess of stipulated minima are shared with the crown in proportion to their respective investments in the total fixed assets employed in the enterprise. In addition, the Government pays for and provides as free issue to Canadair Limited the engines, armament and certain special equipment, known as Government furnished property. The average total cost of the first batch of aircraft produced, including Government furnished property, was approximately \$337,000 each (excluding sales tax). Deliveries being made at the present time and future deliveries are expected to have a substantially lower average cost.
- (b) The Canadian Government did not complete the contemplated purchase of F-86 aircraft from the United States.

## 3. Question:

- (a) Is any of the sub-contracting for any of the parts or equipment of the F-86 awarded by the Government or any Crown Company rather than by Canadair?
- (b) If so, what parts are involved, to whom have such contracts been awarded and what is the amount of each?

## Answer:

- (a) No.
- (b) Answered by (a).

## 4. Question:

- (a) Does the federal government or any crown company pay for the GE-J-47 engines used in the F-86 planes being built for the government by Canadair?
- (b) What is the price of each of the engines used in the F-86?
- (c) What is the total amount spent for these engines in the period under review?
- (d) From whom are they purchased?

## Answer:

- (a) The Department of National Defence pays for the GE-J-47 engines used in the F-86 aircraft.

- (b) The average price of the engines used to date is approximately \$48,000 plus duty and sales taxes.
- (c) Answer withheld on security grounds.
- (d) From the United States Air Force.

5. Question:

- (a) Have any advances been made to Canadair for capital expenditures for production and supply of aircraft during the fiscal year under review?
- (b) If so, how much?
- (c) How much has been cleared on advances made during the previous year?
- (d) What was the nature of capital expenditures for which this money was spent?

Answer:

- (a) Yes.
- (b) \$895,483 for the period from April 1, 1951 to Feb. 29, 1952.
- (c) Question not understood.
- (d) Machine tools and shop equipment for use in the production of F-86 aircraft.

6. Question:

- (a) Does Canadair Limited have an agreement with the government for the use of Cartierville Airport?
- (b) What are the terms of this Agreement?
- (c) How much does Canadair pay for the use of this airport?
- (d) Is the airport used by any other company or by any government department?

Answer:

- (a) , (b) and (c) Information contained in clause 9 of Agreement dated October 1, 1949, tabled in the House on March 19, 1952.
- (d) Yes. The Cartierville Airport is licenced as a public aerodrome.

7. Question:

- (a) Is Canadair producing F-86 planes or parts thereof for any other country or countries?
- (b) If so, what countries?

Answer:

- (a) Outside terms of reference of the Committee.
- (b) Answered by (a).

8. Question:

- (a) Does the government or any crown agency own any shares in either the Electric Boat Corporation or in Canadair Limited?

Answer:

- (a) No.

## APPENDIX 17

## ARMY VEHICLES FOR 25TH BRIGADE

Serial	Vehicle Type	Received
1	Carrier Personnel 5 pass Medium .....	4
2	Truck $\frac{1}{4}$ ton 4 x 4 .....	235
3	Truck $\frac{3}{4}$ ton, 4 x 4 Carryall .....	48
4	Truck $\frac{3}{4}$ ton Weapons Carrier w/winch .....	173
5	Truck $2\frac{1}{2}$ ton 6 x 6 Dump .....	14
6	Truck $2\frac{1}{2}$ ton 6 x 6 Cargo LWB .....	405
7	Truck $2\frac{1}{2}$ ton 6 x 6 Shop Van M535 .....	59
8	Truck $2\frac{1}{2}$ ton 6 x 6 Shop Eqpt motorized welding .....	5
9	Truck $2\frac{1}{2}$ ton 6 x 6 Instr Bench .....	1
10	Truck $2\frac{1}{2}$ ton 6 x 6 Sigs Corps Repair .....	2
11	Truck $2\frac{1}{2}$ ton 6 x 6 Instr Repair .....	2
12	Truck $2\frac{1}{2}$ ton 6 x 6 Elec Repair .....	5
13	Truck $2\frac{1}{2}$ ton 6 x 6 Mach Shop Ld A .....	2
14	Truck $2\frac{1}{2}$ ton 6 x 6 Mach Shop Ld B .....	2
15	Truck $2\frac{1}{2}$ ton 6 x 6 Small Arm Repair .....	1
16	Truck $\frac{3}{4}$ ton 4 x 4 Ambulance (KD) .....	24
17	Truck $2\frac{1}{2}$ ton 6 x 6 Auto Repair Ld A .....	6
18	Crane, Truck Mounted M2 .....	4
19	Trailer Clamshell M16 .....	1
20	Truck 12 ton 6 x 4 Prime Mover, M20 .....	4
21	Truck $2\frac{1}{2}$ ton 6 x 6, Cargo SWB .....	46
22	Trailer $\frac{1}{4}$ ton 2 wheel Cargo .....	154
23	Trailer 1 ton 2 wheel Cargo .....	35
24	Trailer fuel servicing, 2 wheel 600 gal Type A3 .....	Nil
25	Truck 4 - 5 ton 4 x 4 Tractor .....	1
26	Trailer 45 ton 12 wheel M9 .....	4
27	Carrier Personnel half track M3A1 w/winch .....	15
28	Carrier Personnel half Track M3 Ambulance .....	4
29	Carrier Personnel half Track M3 w/roller .....	37
30	Carrier 81mm Mortar $\frac{1}{2}$ track M4A1 or M4 .....	20
31	Bath Unit Field Mobile 24 shower head .....	2
32	Cars Armoured Light M8 .....	17
33	Tank Medium M4A3 (w/76mm gun w/VVSS and bulldozer M1) .....	1
34	Vehicle Tank Recovery M32B3 .....	1
35	Truck $2\frac{1}{2}$ ton Shop Eqpt Motorized general purpose .....	1
36	Tractor Crawler type Diesel engine driven 61-90 DBHP...	1
37	Tractor Crawler type, Diesel engine driven 61-90 DBHP w/angle dozer and winch .....	1
38	Tractor Crawler type, Diesel engine driven 36-45 DBHP w/angledozer .....	1
39	Welding Eqpt Set No 1 (Eng 6-970-01) .....	1
40	Water supply Eqpt Set No 4 Eng 6-950-04 (4 sand packed eqpt, 2 diatomaceous earth) .....	6



## ARMY VEHICLES FOR 25TH BRIGADE

<i>Serial</i>	<i>Vehicle Type</i>	<i>Received</i>
41	Electric Light Set No 4 (Eng 6-460-04) .....	4
42	Trailer 8 ton full low bed .....	7
43	Truck 2½ ton 6x6 Dental Operations .....	2
44	Truck 2½ ton 6x6 Surgical .....	2
45	Laundry Semi-trailer V n type .....	3
46	Truck 2½ ton 6x6 Mach Shop Load C .....	1
47	Tractor Crawler type Diesel engine driven 281-00-38000DBP w/front mounted winch (stock No 78-8513-600-000)...	1
48	Sterilizer Dressing and utensil w/shelf insert, fuel heated 16" x 36" M2 (Stock No 7-084-495) .....	Nil
49	Containers Dressing 14" (Stock No 7-085-305) .....	4
50	Refrigerator Mechanical 4 cu ft 110V 60 cycle AC (Stock No 7-072-425) and generating equipment .....	2
51	Service Unit Combat Vehicle M4 (E8R1 Standardized)...	2
52	Water Supply Control Sets (Eng 6-945-01) .....	Nil







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Can. Defence Expenditure  
HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

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SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

THURSDAY, May 1, 1952

WITNESSES:

Mr. C. M. Drury, Deputy Minister, Department of National Defence;  
Mr. T. N. Beaupré, Assistant Deputy Minister, Department of Defence  
Production.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952





## MINUTES OF PROCEEDINGS

THURSDAY, May 1, 1952.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. David A Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Croll, Dickey, Dinsdale, Fulton, Gauthier (*Portneuf*), George, Harkness, Jones, Larson, Lesage, McIlraith, Power, Stick, Weaver—18.

*In attendance:* Messrs. C. M. Drury and W. R. Wright of the Department of National Defence; Messrs. T. N. Beaupré and W. J. W. Reid, Director, Gun Production Branch and Miss R. E. Addison of the Department of Defence Production.

The Chairman announced that Mr. McIlraith had replaced Mr. Bennett on the Committee.

He presented the Third Report of the Sub-Committee on Agenda, as follows:

Your Sub-Committee met this day and recommends that the procedure, heretofore followed as set out in its First Report, be interrupted as of next Tuesday, May 6, to hear appropriate witnesses from the Department of National Defence in compliance with its Second Report, namely:

That pursuant to the terms of reference of this Committee, evidence be taken from competent witnesses dealing with the administrative procedures laid down by the Department of National Defence for the receipt, stockkeeping, issue and accounting of stores, material and equipment at military camps and establishments and in particular the steps taken to prevent, discover and eliminate the loss, misuse or wastage of Government property of every kind and that the Committee thereafter consider what further steps, if any, should be taken.

On motion of Mr. Dickey said report was amended.

Messrs. Drury and Beaupré were called.

Mr. Drury gave answers on Items 413, 414 and 415 of the "Canadian Defence Orders", commented and was examined thereon.

He tabled the following returns:

- 18.—Number of buses at R.C.A.F. centres (*see Appendix 18 to this day's evidence*).
19. Revised forecast expenditures on selected items of mechanical equipment including Transport (Three Services), (*see Appendix 19 to this day's evidence*).

The witness was further examined thereon. He was also questioned on Appendix A of the Canadian Defence Orders.

Messrs. Drury and Beaupré's examination still continuing and in accordance with the recommendation contained above in the Third Report of the Sub-Committee on Agenda, the Committee adjourned at 12.55 o'clock p.m., until Tuesday, May 6, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*





## EVIDENCE

May 1, 1952,  
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. Mr. McIlraith has replaced Mr. Bennett on the committee. The third report of the steering committee on agenda, dated Wednesday, April 30, reads as follows:

(see *Minutes of Proceedings*)

Mr. DICKEY: I move the adoption of that report.

The CHAIRMAN: Moved by Mr. Dickey, that the report be adopted.  
Carried.

At our last meeting we left off where Mr. Harkness was asking questions on items 413 and 415. I think that is where we left off?

Mr. HARKNESS: That was on these mobile bath and laundry vehicles.

The CHAIRMAN: Mr. Drury will answer that.

Mr. C. M. Drury, Deputy Minister of National Defence, called:

The WITNESS: Mr. Chairman, Mr. Harkness—and I hope I understood him correctly—wanted to know how many mobile baths were brought back from Europe. The answer is nil. He also wanted to know how many mobile laundries we had brought back from Europe. The answer to that, also, is nil.

*By Mr. Harkness:*

Q. Also, did we not have any in Canada already?—A. Did we not?

Q. Yes?—A. We had a number of mobile laundries in Canada at the end of the last war.

Q. No mobile baths?—A. No mobile baths.

Q. Are these mobile baths and laundries, which are purchased, are they for the European brigade, the Korean brigade, or are they for use in Canada?

The WITNESS: These mobile baths were purchased for the general use of the army, some for use with the brigade in Europe, some for use in training purposes in Canada, and others for mobilization purposes. None of these was destined for the troops in Korea.

*By Mr. Harkness:*

Q. You remember the reason I brought this up was it seemed to me that it was an expenditure that was not necessary in view of the equipment of this kind I knew we had at the time of the war. Are these vehicles only, or is the other equipment, the pipes and boilers, included, or are they found somewhere else in this list of stuff?—A. The mobile laundry consists of a self-contained unit. Additional equipment is not necessary. The bulk of the laundry equipment is carried in trailers and consists of the water-heating units—outside water has to be provided—the water-heating unit and the actual machinery for doing the washing. In the case of the mobile bath it, likewise, is a self-contained unit. The pipes, shower heads, water-heating unit, pumping equipment and so on, is all included in this item.

Q. So that that is the total expenditure?—A. Well, I do not think it includes the soap and so on, but it is all that is required, apart from consumables.

Q. That is all the operating equipment?—A. Yes, all other than consumables.

*By Mr. Applewhaite:*

Q. Was any of that equipment especially designed for use under Arctic conditions?—A. I think perhaps Arctic use may have been taken into account, but in fact these laundries are a standardized article as between the United States, United Kingdom and Canada.

The CHAIRMAN: Items 482, 483, 485, 488, 490, 492, 494 to 500, list of air stations with the number of buses assigned to each. Gentlemen, a report is available. Do you wish it read now or shall we have it put on the record? On the record will be satisfactory?

Agreed. (See Appendix No. 18).

That is all that is ready this morning. We are still dealing with tanks, self-propelled weapons and other military vehicles. Any further questions on any other item?

*By Mr. Harkness:*

Q. There was a question I brought up at the meeting before last as to the amounts which had been, I put it in that form, voted by parliament in the year 1951-52, what amounts of this had actually been expended, whether you could relate that to the actual expenditures or not. We had a little discussion over that point.—A. I had the figures brought up to date to the end of March 31 in respect of those two items you asked for, tanks and motor vehicles. I will give you those figures.

(See Appendix No. 19).

Mechanical equipment, including transport for the navy, forecast \$1,150,000; actual expenditure at 31st March, \$1,062,000. For the army, original forecast \$20,000,000; expenditure \$11,482,000. The air, motor vehicles, forecast, \$12,791,000; expenditure, \$7,289,000. Tanks and armoured fighting vehicles, forecast, \$3,000,000; expenditure, \$2,683,000.

Now, those figures are actual disbursements up to the 31st March, 1952. I think you are aware that for the 1951-52 fiscal year there is a further period of payments during the month of April against accounts which come in after the 31st March, but have in fact been due and payable on or before the 31st March, so these figures do not, in fact, necessarily represent the entire expenditure for the fiscal year. There will still possibly be some additions to them.

Q. Well, what the general situation is is that at the 31st March there was a shortfall of something in the nature of \$15,000,000, or something like that, as far as this equipment was concerned—between \$10,000,000 and \$15,000,000.—A. Well, it does mean, as you suggest, we spent some \$10,000,000 to \$15,000,000 less than was forecast some time prior to the 31st March, 1951.

*By Mr. McIlraith:*

Q. I could not hear the early part of the questioning. That is all of the equipment you were speaking about, tanks, and then you seemed somehow to switch to other vehicles.—A. Motor vehicles.

Q. That is, you went into a question about tanks and you are back now on motor vehicles, are you not?—A. My last statement, Mr. McIlraith, referred to both of them; they are under the two headings of either mechanical equipment including transport or tanks, and armoured fighting vehicles.

Q. Isn't it a poor proposition to include mechanical equipment with tanks?



Mr. HARKNESS: They are all vehicles. They are listed here under the general heading, all together. We were dealing with them all together as vehicles.

*By Mr. Weaver:*

Q. Was this shortfall due to failure to deliver the equipment?—A. I will put it this way, because of non-receipt of the equipment.

Q. Can you give us an idea of how you made certain estimates of what you expected to spend and there would be certain deliveries on those estimates. How were the costs running against your estimates? Were they higher than you had estimated or lower? In other words, you will eventually get all of the vehicles that you ordered, but will the final cost be more than the estimate? What is the trend?—A. Our experience has been that the trend of prices is upwards. Now, we endeavour to take into account an upward trend in prices and make our estimates accordingly. However, as Mr. Mackenzie and others in the Department of Defence Production have pointed out, estimates of costs of items not yet in production are, at best, only approximate and in some cases the estimate has turned out to be too low and in other cases the estimate has turned out to be too high. Forecasting the cost of an item not yet in production, and the precise rate at which expenditures will be incurred on bringing it into production, is quite difficult to achieve, and, as those figures indicate here, in this particular category we have not been accurate to one per cent.

*By the Chairman:*

Q. You have not been accurate?—A. We have not been.

Q. What you are saying in effect is that you have been out one per cent?

—A. We have been out more than one per cent.

*By Mr. Harkness:*

Q. You say there are further expenditures to be made to sort of implement these forecasts in the orders that you place on the basis of the forecasts. Will, then, expenditures be made out of the money voted in 1951-52, or are those expenditures now included in the estimates presently before parliament for this current year?—A. The funds voted by parliament may only be used to pay in any fiscal year accounts which are due and payable in that year. Now, if there is delivery below the original estimates, and deliveries are not made, payment is not due and cannot be made. Consequently, funds appropriated by parliament for use in the fiscal year 1951-52 for which accounts are not due and payable cannot be used for the subsequent payment of those accounts, and the amounts needed to meet those bills subsequently becoming due will come out of the appropriations voted in the current fiscal year.

Mr. FULTON: How does that relate to your commitment authority? If parliament had given authority in addition to commit, authority to order, when the accounts are received does that money have to be voted, or does the commitment authority authorize you to take money at the time?

The WITNESS: No, the commitment authority is merely authorization to obligate the government, subject to the appropriation of the necessary funds it permits us to incur obligations, but if parliament does not subsequently appropriate the specific funds then it becomes very difficult to meet this obligation.

Mr. WEAVER: Is this shortfall added to your estimates for next year?

The WITNESS: The shortfall is what is, in our sort of parlance, known as either the re-vote or carry-over, and, as the tables that have been furnished indicate, the carry-over forms quite a substantial proportion of the funds required for the current year.

*By Mr. Harkness:*

Q. This shortfall which existed in the vehicles and tanks, I presume also exists in all the other items of equipment that you purchased during the year, generally speaking?—A. In a number of other items, that is correct.

Q. And if you add all those shortfalls in particular items together you get the general shortfall, which I think was—what, \$300 million?—A. Of the order of \$200 to \$300 million.

Q. So that that \$300 million, then, is included in the present estimates?—A. It is.

Q. And our general program of defence preparation, then, is short that amount of stuff at the moment?—A. The general program is short a great deal more.

Q. But it is short that on your plan of a year ago?—A. That is correct.

*By Mr. Adamson:*

Q. And in the case where money is already voted, does that require a re-vote suppose that money is not spent in 1952-53, or 1951-52, when the orders come in and the bills come in for that expenditure—that requires no re-vote of parliament?—Most civil estimates do. If an item is in Public Works, for instance, and is not spent, I understand it requires a re-vote. Does this?—A. Our estimates do not differ from other government departments in this respect.

Q. When you mentioned a minute ago that your estimate of these things did not fall within one per cent, I should say that was a close estimate. What would you consider would satisfy you, if you hit it within 10 per cent or five per cent of the estimate? What has your experience been? You have been doing a lot of purchasing and making a lot of estimates over a period of time. What has your experience been with regard to the accuracy?—A. It varies very widely, indeed, with different types of purchases, different types of transactions and different types of equipment. Now, in respect of an item such as fuel, we would expect to come very close indeed. Because of a long experience and the availability of some sort of statistical background on which to make estimates. Unless the season happened to be most unusual, one would expect to be very close, indeed, with respect to fuel. Similarly with rations we would expect to come very close to our estimate. On the other hand, to take a specific case of costs which we might incur in a fiscal year, or the costs that we expected to incur in the past fiscal year consider the production of the military jeep in Canada. This is very difficult problem indeed, and if we were within 50 per cent it would not be a bad expenditure forecast for a given year. There were no facilities for the production of this jeep in Canada, we had no idea at the time the estimates had to be made, of how long it would take to negotiate an agreement with the United States government and the United States proprietors of this vehicle, nor did we know precisely what kind of an agreement we might get. Following these negotiations there would have to be further ones with the prospective manufacturer in Canada, and it is difficult to forecast how long these might take. A guess has to be made before all these negotiations are undertaken as to precisely how long they will take, when production will start and the rate at which expenditures to set up that production will be made. I won't call it gazing into the crystal ball, but it comes pretty close to that in respect of this operation.

Q. I can see that.

*By Mr. Harkness:*

Q. From what you said, I can understand that this shortfall, as far as the army vehicles are concerned, of about \$9 million was due to a large extent



because they were not able to supply jeeps, as you expected they would, and also the three-quarter and 2½-ton trucks.—A. When you say "they"?

Q. I mean the Ford Company, Chrysler and General Motors.—A. Perhaps I should not be talking about that. This is, after all, Mr. Beaupré's field, not mine.

Q. We do not care who tells it as long as we get it.—A. Well, the information would be secondhand from me. In the case of the jeep, we did, perhaps, show a little too much optimism in anticipating the rate at which all these negotiations would be conducted and concluded and actual work started on setting up the production line, the rate as to which materials and components would become available and the rate at which the vehicles would be turned out.

Q. Now, as far as the air force is concerned, most of their vehicles are commercial vehicles. Why would the shortfall of some \$5 million take place there, because surely there were plenty of these commercial vehicles in stock?—A. There are some standard commercial vehicles in reasonable supply. Air Force order include a big item, for tenders for refuelling aircraft, which are not standard commercial vehicles. This piece of equipment is a tanker with a special highspeed pump which has to be carefully designed so that fuel can be discharged at the maximum rate without generating static electricity. In respect of production and delivery of these, we did fall short of expectation.

Q. What items are they? Do they represent a lot of money?—A. Mr. Chairman, nothing is shown in the D.D.P. statement on defence orders for these items, as we had not, as of the 31st January, made a contract with the Fruehauf Corporation who were to produce these.

Q. You have made a contract now, have you?—A. I will have to ask Mr. Beaupré.

Mr. BEAUPRÉ: Yes, Mr. Chairman, a contract is made.

Mr. HARKNESS: What amount of money would this represent out of this \$5 million shortfall?

Mr. BEAUPRÉ: Just a quick estimate from figures that are not compiled, I would say that between \$1·5 million and \$2 million would be for these refuelling tenders.

Mr. HARKNESS: Then there is a very considerable shortfall which would apply to commercial vehicles still left, so far as the air force is concerned?

Mr. BEAUPRÉ: There is probably another million involved in crash trucks which are special vehicles being made to special specifications—probably a little better than a million.

Mr. HARKNESS: Even when you add all these things in there must be a considerable amount of shortage which would be accounted for by really straight commercial vehicles. Why would that be?

The WITNESS: I think before we can really answer that question adequately the details of mechanical equipment for the air force would have to be analysed.

The CHAIRMAN: May I suggest that it is a new question that has arisen. Mr. Harkness understands that it is very difficult to obtain an immediate answer. The question is: Why is there the shortfall between the original forecast on the air force for mechanical equipment, including transportation, and the actual expenditure. You will have an answer for us, Mr. Beaupré, at the next meeting.

Mr. ADAMSON: Before we leave this are there any royalties paid for patents on these vehicles?

Mr. BEAUPRÉ: I think the only royalty we pay is to Willys-Overland on the jeeps—on the one-quarter ton trucks.

Mr. ADAMSON: Do you know how much it is?

Mr. BEAUPRÉ: Five per cent.

The CHAIRMAN: Are there any further questions?



Mr. BEAUPRÉ: May I just amplify that answer a bit. It is 5 per cent on the parts secured from Willys-Overland or \$100. The deal has not been actually finalized and if we can get away with an agreement for \$100 it is probably so close from an accounting standpoint that it is better to pay the \$100. It has not been worked out in detail how the 5 per cent would apply in all bits and pieces—whether it will apply to those parts taken from Willys-Overland suppliers—whether it will be the same from them as from Willys-Overland. Anyway, \$100 would be very close.

Mr. ADAMSON: You get your dies and moulds and other working tools from Willys-Overland for Ford or whoever is going to make them?

Mr. BEAUPRÉ: The components come from Willys—about 80 per cent of it would be from Willys.

Mr. FULTON: Two meetings ago I asked some questions arising out of Mr. Drury's statement that 20 American tanks had been bought for Korea. I wonder if the question can be answered now?

The CHAIRMAN: I said we did not have the answer. That, and another question, stood over. We will try to obtain it for you soon.

We have to deal with items up to page 45—we are somewhere in between pages 36 and 45. Are there any more questions?

Mr. HARKNESS: Yes, just taking these figures very quickly and adding them up, apart from purely military vehicles such as jeeps, three-quarters ton and two and a half ton vehicles, I made out a total here of 2,440 trucks of various kinds, and 190 buses. Now, I think I may have added in there the ones which we bought for Korea—I am not certain of that. Yes, there were 1,136 for Korea, so there would be 1,304 apart from those. They are commercial vehicles that you have apparently purchased last year for the services. What was the reason for purchasing those? Were they replacements for vehicles which had worn out?

The WITNESS: Some were replacements for vehicles wearing out. Some represented the additional needs of expanding services. When an air force station is brought into being it requires a number of vehicles—snow blowers, crash tenders, fuel trucks, and so on, as well as administrative vehicles of I think the type you are mentioning—the commercial type.

Mr. JONES: Mr. Chairman—

Mr. HARKNESS: May I just follow this along?

The CHAIRMAN: Please let us finish.

Mr. HARKNESS: At the end of the war we had a very large number of vehicles both overseas and in Canada and those vehicles, the majority of them, were what you might call operational types—4 x 4's and so forth. Where are those vehicles now?

The WITNESS: It is a difficult question to answer. The bulk of the vehicles we had in Europe for the army was sold to the Netherlands government. A very few indeed, if I recall correctly, were returned to Canada.

In the case of the air force I cannot answer as to what happened to whatever vehicles they had on the continent. In respect of the navy I think probably the number of vehicles they had bought for use overseas was very small indeed.

In respect of those vehicles which remained in Canada at the end of the war, the army has endeavoured to conserve and to use the operational type for training purposes; and ones which were not immediately required for training purposes were stored. The bulk of them were stored at I think Macdonald, in Manitoba, and at Hagersville, in Ontario.

The CHAIRMAN: That is for the navy?

The WITNESS: Army.

Mr. HARKNESS: Where is Hagersville?

The CHAIRMAN: Near St. Thomas.

Mr. HARKNESS: It is not very far from London?

The CHAIRMAN: Not very far.

Mr. McILRAITH: That question of the vehicles at Hagersville was gone into very carefully in the War Expenditures Committee and it is all on record in the evidence—vehicles from the last war, what was done with them, and the taking of them to Hagersville and that sort of thing.

Mr. HARKNESS: As I understand it these surplus vehicles are held in these parks—one in the east and one in the west—for mobilization purposes.

Mr. McILRAITH: I wonder, before you answer that, if Mr. Harkness would mind not using the word "surplus" in that connection. "Surplus" in the previous evidence came to imply a vehicle declared surplus by the Defence Department and available for sale to the disposal agency.

Mr. HARKNESS: I will put it in this form: Vehicles not immediately required for training and operational purposes. Does that suit you better?

Mr. McILRAITH: I was just seeking to avoid confusion in the terminology because the Act—originally the War Assets Act and now the Crown Assets Disposal Corporation Act—uses the term "surplus". In all the previous evidence "surplus" was used to refer to equipment or material that was no longer to be used by the Defence Department and which was being turned over for disposal to the then War Assets Corporation.

I hope you do not mind me seeking to clarify the use of the word.

*By Mr. Harkness:*

Q. To get back to the question, these vehicles not immediately required for training and operational purposes are held in these two vehicle dumps or vehicle parks?—A. Well, since the bringing into use of the air field at Macdonald for the R.C.A.F.—which is one of the fields we had to take into use again to meet the needs principally of the NATO air training scheme—vehicles which were stored in the west had to be brought down east. They are, as you suggest, being held to meet training and possible operational needs.

Q. What means are taken to keep these vehicles in what you might call good order?—A. I am not, I regret to say, familiar with the technique of preservation but there is a method of keeping these vehicles in a state of preservation.

Q. To what extent would these vehicles be capable of meeting our mobilization needs?—A. Well, that is a difficult question to answer. I cannot go much farther in answering than to say: to a certain extent.

Q. Would they constitute 20 per cent, 30 per cent, or 40 per cent of our needs?—A. Well that is a question I hope you will not pursue too far because if I say 20 per cent—and I have no idea offhand if that would be correct—

The CHAIRMAN: If you do not know the answer say you do not know it. If you start by saying "I do not know the answer but I think it is this"—unfortunately we have a habit of using that as an answer rather than an estimate. If you do not know just say you do not—you are not supposed to know all the answers. Perhaps others can answer it.

The WITNESS: I was going to express the hope that Mr. Harkness would not pursue this too much because if the percentage of the vehicles is given, and subsequently the number of vehicles is asked for and given, it does not take too much astute arithmetic to rough out the mobilization plan. I would like if possible to avoid that.

Mr. GEORGE: Well, where are those vehicles—

The CHAIRMAN: Mr. George, would you mind just permitting Mr. Harkness to finish. He has another question or so and then there is Mr. Jones.

*By Mr. Harkness:*

Q. What I was trying to get at, rather than give away anything that might be contrary to security, was how much it is costing us to just hold these vehicles, as it were. My information is that a considerable amount of cannibalization has taken place on these vehicles, and I am trying to get at whether that asset which we have in those vehicles is being very rapidly wasted through this cannibalization? At the same time, it is costing quite a lot of money to maintain them in those parks?—A. Well, Mr. Harkness, it does represent an asset. You are perfectly correct in saying that cannibalization is taking place. Those are vehicles of pre-1945 vintage and the production of them, and of a large number of their components, has ceased. The only place from which we can secure spare parts with any reasonable economy is from the vehicles standing in the park. Now, in order to maintain that asset we have to keep the vehicles in a state of preservation and, in order to keep the ones we have running, we have to secure spare parts—and that is the only source.

If we stop cannibalization—and that is perhaps an ugly term but in its technical sense it is acceptable—then these operational type vehicles being used for training cannot be kept in seasonable condition. If we stop preservation we abandon and sell the vehicles and have no source of spare parts. I suggest there is no alternative but to cannibalize and to preserve.

Q. The general effect is that this is really a rapidly wasting asset—due to cannibalization which is necessary to keep training vehicles in use running?—A. I would agree with your statement except I am not too certain about the use of the word “rapidly”. It is a declining asset.

Mr. DICKEY: Would it be fair to say it is an asset that is being used to advantage?

The WITNESS: It would be.

The CHAIRMAN: Mr. Jones has been waiting to ask a question.

Mr. JONES: This is slightly different to the previous question but I would like to know if it is possible to get figures on sales tax and duty actually paid by your department during the period under review? Have you separate bookkeeping by which you could tell us the lump sum?

The WITNESS: Mr. Mackenzie endeavoured to make an estimate of the sales tax and duty payable. I am not too sure that he has filed that.

The CHAIRMAN: It was.

Mr. ADAMSON: It was given to me but I am not sure that it is on the record. I asked the chairman yesterday and I think his estimate was that it came to about 10 per cent of the total expenditure—sales tax and customs duty.

The CHAIRMAN: It is on the record as Appendix 15.

*By Mr. Jones:*

Q. Is it absolutely essential that one department should collect from another, and could we not save a lot of bookkeeping by cutting that out? Another question is this: I understand that on the tanks we bought from the United States for use in Korea there was no sales tax paid. Should they return to Canada will sales tax be collected on them?—A. That is rather an esoteric question.

Q. We are using other vehicles, for instance the Centurion tank on which tax is paid but here are tanks in Korea—will they pay the tax?



The CHAIRMAN: That is your question Mr. Beaupré. If there is no further use in Korea for the American tanks delivered in Korea, and if they are returned to Canada will we pay sales tax?

Mr. BEAUPRÉ: I think the only officials who could give a proper answer are those from National Revenue. I think in general terms that a vehicle used outside the country for two years is not subject to sales tax on its return.

Mr. JONES: If it comes back within a year it is?

Mr. BEAUPRÉ: That is my impression of the National Revenue regulations but they would be the people to tell you.

Mr. JONES: Has any effort been made to get purely military vehicles exempt from sales tax?

The WITNESS: That is a large question of government policy and there have been discussions of one sort and another in various departments about it.

The CHAIRMAN: Mr. Drury, it is a matter of government policy. I think Mr. Jones appreciates it and you have your answer, Mr. Jones, and you can go on from there. I really do not believe customs would seize a tank for non-payment.

Mr. JONES: I was getting to that point.

The CHAIRMAN: Mr. George wanted to ask some questions.

*By Mr. George:*

Q. I was going to suggest to the witness that, especially in the reserve army today, and it applies to the active army but not to such an extent, the vehicles being used—soft shelled vehicles—are of an average vintage of 1942 and 1943. It is just impossible to keep them on the road because for instance rust in the gas tanks flakes off and they are always being fixed up. I do know money is being spent to keep those vehicles on the road and it is uneconomical. No business firm would ever do it.

I am suggesting to the witness, for his comment, because of the way his money is set up, that there are plenty of funds to repair vehicles—although it is very uneconomical—but the money is not there to buy new ones. I do not know whether you could get this information but I would like to see a breakdown of the average cost of maintenance of those vehicles per year, together with the average mileage those vehicles are making. It is probably too fantastic a thing to make up but I am sure if you had it and any civilian firm saw it they would junk those vehicles or sell them to War Assets or C.C.C. or whoever handles them; and take the vehicles out of storage and use them, if they are in serviceable condition.—A. Mr. George, we have recognized that continued operation of the vehicles to which you refer as soft shelled vehicles—and I think you mean the non-specialized types of operational transport—is uneconomical if kept up too long. It was for precisely this reason that we have been endeavouring to purchase these quarter, three-quarter and two and a half ton trucks.

Q. Civilian patterns?—A. No, military pattern. We are also purchasing a number of civilian pattern trucks for administrative use—to replace those which have become obsolete and uneconomical to operate.

Q. How bad can a vehicle be before it is declared uneconomical to repair it?—A. Well, we try and observe the same standards as any good civilian organization would—perhaps paying a little less attention to appearance and more to functioning than a certain reputable organization might. There is continuous review of the cost of repair and operation with the end in mind that they should not be run beyond the point of economical functioning.

Q. What is happening in actual fact is that they are taking these vehicles in, putting in reconditioned engines, gear boxes and so on, and sending them back to both reserve and active force units. Of course, you can rebuild a

vehicle so that it is practically new but it is really never new and there is always something breaking on it. Some of the units I am speaking of are up to establishment or even over establishment with vehicles, but many of them are off the road.—A. Well, we would hope when these new vehicles, the acquisition of which we have been discussing, are received the situation you mention can be remedied.

Q. Aside from asking a question I am making a statement here. We could use civilian type vehicles much more economically than the military ones with which we do most of our work.

The CHAIRMAN: I was going to interrupt you a couple of times but I could not cut in—you being a Colonel I just could not cut in. However, you were making statements. I wish you would limit yourself to questions and give the witness an opportunity to answer.

Mr. GEORGE: It was a question in a somewhat different form.

The CHAIRMAN: I saw your point.

Mr. STICK: Surely we can make statements.

Mr. McILRAITH: Do not ask for a ruling.

The CHAIRMAN: Mr. George is peculiarly qualified to make that statement and I knew it.

*By Mr. Harkness:*

Q. As far as the vehicles in vehicle parks are concerned can you bring in a statement as to the cost of preserving and holding those vehicles there—without undue trouble?—A. Yes.

Q. I would like to have that if it can be prepared without, as I say, too much work?—A. I will do that for you, Mr. Harkness.

The CHAIRMAN: Gentlemen, we are still on pages 36 to 45. Is there anything on there you wish to ask about because you realize that at the next meeting we are into another phase?

Mr. STICK: When are we going to speak about the navy?

The CHAIRMAN: The navy?

Mr. STICK: I asked a question a while ago.

The CHAIRMAN: You heard the witness say the navy did not have too many vehicles.

Mr. STICK: I am not talking about vehicles. I asked a question some time ago about a ship that was under construction, and you said when we got to the navy I could raise it again, and I said all right. When are we going to get around to that?

The CHAIRMAN: The next matter is armament excluding aircraft and ships, then comes armament aircraft and armament ships and we open up the navy question then. Were you in at the beginning today?

Mr. STICK: No.

The CHAIRMAN: Well, we have agreed to divert this committee for a couple of sittings—not more I hope—to deal with the question of stores.

*By Mr. Adamson:*

Q. Mr. Drury, have these vehicles been redesigned since the end of the last war or are they of similar pattern to vehicles of the last war? I ask that question because I see no reference to vehicles such as carriers in this estimate. I just wondered whether these vehicles have been redesigned or what percentage of them has been redesigned—or whether they are similar types to those we used in the last war?—A. There are quite a few pages of vehicles.

Q. I am asking for a general statement?—A. Generally speaking, in respect of commercial vehicles, we buy current models.

Q. I am speaking of the military pattern vehicles?—A. In the military pattern vehicles the jeep, as Mr. Beaupré pointed out at the last meeting, represents a modification of the one-quarter ton truck used in the last war. It is redesigned in the sense that changes have been made in it. It is not precisely the same and I think one could generally say this applies to other types of vehicle. Modifications and improvements have been made to wartime patterns of all these vehicles. I do not know of any one that is precisely the same. Is that an answer?

Q. I was just wondering about things like the 4 x 4 and the 30 cwt. They have been largely redesigned? I ask the question because the tools and dies for that equipment were in existence at the end of the war. I wondered how extensive had been the redesigning of those vehicles?—A. The 30 cwt. which we had in the last war and the two and a half ton Canadian are radically different from the new U.S. pattern three-quarter ton and the U.S. pattern two and a half ton. The tooling for producing the 30 cwt. and the Canadian two and a half ton truck of the last war would be of no use at all.

*By Mr. James:*

Q. How about universal carriers? Are there any of those in there at all?—A. There are no universal carriers in here.

Q. Have we abandoned them?—A. There is currently a study being made of the type of vehicle which is most suitable as the weapons carrier for the infantry unit. We still have a number of carriers and that is of course one of the subjects of tri-partite examination—to try to achieve standardization of vehicles. To date, on this particular item there has not been agreement.

The CHAIRMAN: I always liked the tarpaulin on the carrier. You could sleep under it without getting wet.

The WITNESS: And the nice warm engine.

The CHAIRMAN: Are there any more questions?

*By Mr. James:*

Q. There seems to be a very small number of track vehicles as such, half tracks, or things like that. Is that a fact?—A. The tanks are tracked.

Q. I mean smaller than that.—A. The carriage motor multiple gun is a half track.

Q. That is a half track?—A. Yes. I think those are about the only ones. Snowmobiles are tracked.

Mr. DICKEY: Is there a tendency to keep away from the tracked vehicles? Is there not a tendency to change over to multiple drive wheeled vehicles?

The WITNESS: For some purposes. I do not know that I could generalize on that doctrine.

*By Mr. Applewhaite:*

Q. Equipment of the nature of construction vehicles, such as graders and things that might be used in grading roads or airports and also self-propelled cranes, items of that kind, would come under this category we are discussing now?

Mr. BEAUPRÉ: Mr. Chairman, if there had been orders of this nature, these would be purchased not by the automotive division of the production branch, but by the general purchasing branch as being straight commercial equipment and not a vehicle, and are not in this compilation.



Mr. APPLEWHAITE: Then we will probably run into such equipment later on?

Mr. BEAUPRÉ: If that type of item is put on the agenda, we can bring the information.

*By Mr. Fulton:*

Q. Have you settled the controversy as to whether S.P. guns come under guns or vehicles?—A. S.P. guns? If orders for S.P. guns have been placed, they would appear in here.

Q. That is under vehicles?—A. Yes.

Q. Therefore, they are not.

The CHAIRMAN: Gentlemen, we will now turn to page 11.

*By Mr. Adamson:*

Q. Mr. Drury, just one more question. You represented the tri-partite standardization for these vehicles is delayed pending results of a standardization agreement. Are they the same as used by the United Kingdom and the United States?—A. The main ones, are not a tri-partite standardized vehicle. The British have a different version of the jeep than the one designed by the Americans which we are purchasing. They have also a different three-quarter-ton and 2½-ton truck. Possibly one of the reasons for this difference springs from the different engineering industries of the United Kingdom and the North American continent.

Q. Then it would be reasonable to say that the majority are of American pattern and types used by the American army?—A. That is correct. I mentioned that the mobile laundries were standardized.

Mr. JAMES: One more question, Mr. Chairman. On these vehicles that General Motors are producing, the 2½-ton 6 x 6, I understand you have in them a new type of transmission. Is that working out satisfactorily as compared with the old gear shift idea?

Mr. MCLRAITH: That is hardly a question for the Defence Department.

Mr. JAMES: Can you give us any details as to how it works? That is what I am interested in.

Mr. BEAUPRÉ: I think possibly that you would have to have engineers to give a full answer, but it is a hydramatic eight speed transmission, and it is apparently operating very well. There have been no complaints at all, as far as our knowledge is concerned.

Mr. LARSON: On this matter of standardization. I can see all the difficulties mentioned in it, but what progress are we making toward standardizing this equipment between the Americans and the British?

The WITNESS: Some.

*By Mr. Stick:*

Q. You said some?—A. Some.

Q. Plus or minus?—A. Plus.

Mr. LARSON: Well, if we are going to try to have a tri-partite army, I think it is quite essential that we do make some progress toward this standardization, and I think it is quite an important thing to let us have information as to how we are getting along. I think something should be achieved.

The WITNESS: No one is more conscious of that need than the department for which I work, and we bend every effort towards its fulfillment. The minister has emphasized in the House on a number of occasions the importance attached to it and indicated that he and other like-minded people are working as hard as they can for it and will continue to do so.

*By Mr. Stick:*

Q. Would this be a fair question to ask: If you could achieve standardization would that reduce costs considerably? I think it should, on the face of it, in a general way.—A. Once it had been achieved it would reduce costs, but the initial expenditure to achieve standardization is in some cases staggering. For instance, on the question of rifles, if they were to standardize with a new rifle, the Americans estimate many billions of dollars of current rifles would have to be junked in order to swing over to a new standardized one. Obviously, the most fruitful field in which standardization can be achieved is in respect of new equipment, equipment not yet produced.

Q. Where you have not got to scrap any of the old equipment?—A. That is correct. And one of the reasons, perhaps, that not more is heard of this is because success is achieved in fields of new, and consequently secret, equipment, about which progress and details must be withheld.

Mr. APPLEWHAITE: Is this a legitimate question? Are you deferring purchases, or purchasing in smaller quantities anything that is pending possible standardization?

The WITNESS: We are. We are deferring re-equipping in the small arms field in the light of the standardization situation in this particular area.

*By Mr. Larson:*

Q. I understand, Mr. Drury, that considering British equipment, for instance, that a garage full of tools that would suit that British equipment would not suit the American equipment at all; I mean tools in the way of wrenches and that kind of thing.—A. Well, it would depend on the types of tools in the garage, but, generally speaking, British patterned and British manufactured vehicles require different service and maintenance tools than North American vehicles.

Q. Is standardization as it proceeds likely to tend more toward the American type of vehicle or the British type of vehicle?—A. I would not like to try and answer that.

The CHAIRMAN: Mr. Larson, I am sure, agrees that that would merely be an opinion and it might be better not to have personal opinions expressed here.

*By Mr. Stick:*

Q. Would it be fair to ask you, in the re-equipping of forces where you are placing large orders, are you taking into consideration the possibility of standardization? In other words, you are not buying a large amount of equipment that would be obsolete in a year or so if standardization takes place? Whether you are equipping the forces or not, are you taking into consideration the standardization of equipment which you may use in the future. Is that the policy? I am not talking about government policy, I am speaking of defence policy.—A. It is both government policy and defence policy. In every instance this is one of the invariable considerations. There are really two features to be considered in this respect. The first is the question of whether an available article for replacement purposes is likely to become obsolete. If it is likely to become obsolete fairly soon, then we try and defer any purchase of this until such time as a new one is available. This does result, of course, in some instance, in the troops finding themselves with obsolescent equipment if there is a newer article on the market, but the newer article is likely to become, itself, obsolescent quite shortly, and we prefer for reasons of economy to continue as long as is reasonable with the old article, and then make a jump right into the up to date one.

Q. In placing your orders then, in some instances, they are predicated on the future of standardization?—A. That is correct. The second consideration I was going to mention is this, the possibility of a new and standardized article coming along to replace what might currently be available. Here again we would consider deferring a question as for instance in the case of the rifle.

The CHAIRMAN: I was just asking Mr. Drury this question arising out of the answer he gave to Mr. Stick: Are we to get the impression that there is a deferment of essential equipment to the troops in Korea or in Germany awaiting some standardization? I want to get clear on that.

The WITNESS: Mr. Chairman, I hope I put in the words "where practicable we defer". In some instances it is not practicable to defer purchases; where operational needs make it necessary to buy an article which it is known will shortly become obsolescent, while this may be financially uneconomical, circumstances require it. We try to avoid this if we can, however, if operational needs require the purchase of an obsolescent article, that is, one that might become obsolete in the foreseeable future, we nevertheless have to do purchase it.

*By Mr. Larson:*

Q. Suppose, for instance, our brigade in Germany were called into action and suppose it became attached to a British division, for instance, and the British division was equipped with British made vehicles, together with the motor parts and garages all equipped to handle that kind of equipment, and on the other hand we happened to have, as I have seen over there, some American cars which might perhaps have come from Windsor—

The CHAIRMAN: I would point out to Mr. Larson that Windsor is in Canada!

Mr. LARSON:—and cars which have obviously been made in this country with our ordinary standardization as between the equipment turned out by American and Canadian plants, what are the problems involved. Bear in mind that we want to save the taxpayers' money. Would it be cheaper and more convenient to scrap that American equipment and take on new British equipment, or is it feasible to sort of maintain the two types of equipment side by side in a theatre of action?

The WITNESS: The brigade group, or a regular brigade group, is provided with elements of its own repair and maintenance facilities. It has a brigade workshop operated by the Royal Canadian Corps of Electrical and Mechanical Engineers, and their workshop is fitted with tools and machinery to take care of the type of equipment which the brigade has. So that, to the extent that the brigade servicing units are able to cater to the needs of the brigade, it is a self-contained unit and, consequently, can operate on its own or in conjunction with either the British or American formations.

*By Mr. Larson:*

Q. Well, let us take the jeep, for example. We have some American jeeps and the British have British jeeps, and in a theatre of action where the movement would be fast and a supply of spares would have to be handled, it would be an advantage to have the parts interchangeable. Have you any idea of the percentage of spares in a British jeep that would be interchangeable with parts in an American jeep?—A. I think we would have to get an expert for that question. I am told practically none. However, the British are not entirely equipped with the new British jeep. They happen to have a considerable number of American patterned jeeps.

Q. It probably would be an internal difficulty with the British, and it would also be a difficulty between the two countries?—A. That is correct, and



it is the type of internal and external problems which is continually arising and will continue to arise, and endeavours have been made to make the military organization sufficiently flexible to take care of this particular type of situation.

Q. I imagine the very fact of obsolescence itself makes the problem internal for us and as between others, or as between the British themselves?—A. It does.

*By Mr. Fulton:*

Q. Mr. Drury made a statement to this effect, that in places where it is practicable we defer re-equipping or ordering new equipment pending standardization, or discussions on standardization. I am wondering how that fits in with the statement contained in Appendix "A" to this file on Canadian defence orders, which speaks of the procurement for two Canadian infantry divisions of U.S. type equipment to take the place of the U.K. type equipment transferred to our allies in Europe. How does that fit in with the statement you made with regard to deferring, so far as is practicable, the ordering of new equipment pending the outcome of standardization discussions?—A. Or the production of new models.

Q. Yes.—A. Well, this is a general statement and, in fact, we are not in the process of taking from the United States complete armament for two infantry divisions. The acquisition of rifles has been suspended, and so has the acquisition I would suggest, of any other items on which the possibilities of standardization are reasonably close. It is difficult to go into details because this involves the discussion of new and generally secret items of equipment.

Q. Would you prepare for the committee a statement, then, on the major types of armament and equipment for an infantry division on which it has been decided by your department that, so far as the Canadian army is concerned, we will standardize with U.S. type equipment, which I presume would be included in the general statement made in Appendix "A". For instance, does that include all artillery for an infantry division?—A. It includes artillery.

Q. Would you prepare a statement that could be filed with the committee later on, because I, for one, am quite concerned over what appears to be a decision to standardize divisional equipment with the United States type. I do not know the background or the details, and I think a statement of that type would be helpful. If you might prepare a statement on the major categories of infantry divisional equipment on which it has been firmly decided to standardize.—A. Perhaps I might say a word in elaboration of my earlier remarks about standardization. As you know, the policy is to adopt equipment of what is generally called a U.S. pattern, which means equipment of a type most readily susceptible and most economically possible of manufacture on this continent. As I mentioned earlier, the British engineering industry differs quite substantially from that of North America in their standards, practice, and so on, and one could say in general that it is easier for a Canadian manufacturer to produce equipment designed to United States engineering standards in the United States than to manufacture equipment designed to British engineering standards in the United Kingdom. Canada had some experience of this in the last war. In order, then, to simplify the production processes, it would be helpful if the equipment to be manufactured in Canada, or likely to be manufactured in Canada, were of United States patterns, and we are, in fact, achieving this by adopting United States pattern equipment. Now, where, and it is difficult to generalize in large classes, but where individual items either have reached a degree of obsolescence which makes it practicable, from an operational point of view, to withhold purchase of new replacement equipment, or where the possibilities of NATO standardization—I mentioned tripartite standardization, but it is now NATO standardization—the prospects of NATO standardization are near enough to withhold or defer replacement, this

should be done, and the .303 rifle is a case in point. In respect of artillery, we are converting from the 25-pounder of U.K. design and pattern to the 105 mm of American design and pattern.

*By Mr. Applewhaite:*

Q. Mr. Chairman, I would like to get this on the record if I can, following the line of thought of Mr. Larson and the suggestion made by Mr. Fulton as to the equipment of a division. I think we might have the answer. Assuming a case where we have a Canadian division U.S.-type equipped and have the prospect of it serving with the British in Europe. In either case we would have divisions equipped for and serving with the Americans, possibly in defence of the North American continent. Would the general type of equipment for the Canadian forces be the same in every case? In other words, would you base your standard on a Canadian army standard or on the theatre of operations where you would expect to use them?—A. Well, at the present time we are in a period of change-over from British pattern equipment to U.S. pattern equipment—I am speaking about the army now. We have acquired already some U.S. pattern equipment, and we have held in the past and continue now to hold British pattern equipment. It is therefore possible to provide equipment of either pattern in respect to relatively small formations. Relatively small in so far as a general war is concerned would include a brigade group. Our aim nevertheless is to re-equip the army with American pattern equipment.

Q. The whole army, anywhere in the world?—A. Eventually the whole army anywhere in the world.

Mr. FULTON: Mr. Chairman, I realize we are getting dangerously close perhaps to discussion of a point of policy and I do not want to step over the somewhat difficult to define boundary line. Because of the uneasiness which I have experienced in regard to this decision, I would like Mr. Drury to cover this point as well as he can within the terms of reference of the committee. It seems to me the equipping of our army with U.S. type equipment is proposed on economic and on engineering ground. I am concerned, I must admit, from the point of view of an amateur and I am not suggesting the Defence Department authorities would not have considered this, but I am concerned in some cases over the use of equipment and arms which are not actually as good as the British types which we have rejected. I am not saying that would be universally true but I say there is room for argument or there has been room for argument. In many cases where the decision has been made is the over-riding factor simply the economics of the situation—or is the over-riding factor military perfection of the equipment?

The WITNESS: Well, perhaps I should avoid that, Mr. Chairman—endeavouring to justify a decision which is a matter of government policy. Possibly in this committee I should not attempt that exercise.

The CHAIRMAN: Mr. Drury is right.

Mr. STICK: Following on the line of Mr. Fulton would it be fair to ask a question about the procurement of supply, whether from the United States or Great Britain—would it not depend on the supply available? I think Mr. MacKenzie gave us some answers to that effect. If you are placing an order or deciding on certain types of equipment your decision would be based on the availability of supplies. I think that was mentioned in the committee.

The WITNESS: That is correct. Availability is a large consideration. The Centurion tank would be a case in point.



*By Mr. Fulton:*

Q. I think I can put my question in a way in which Mr. Drury can answer. It is not a question of policy; it is a question of fact. Has the implementation of this decision resulted to date in your accepting as standard equipment for a Canadian division equipment which, from a purely military science point of view, you would regard as inferior to the other types?—A. I am not a military scientist.

Q. I am asking the view of the department?—A. Certainly none that I know of.

The CHAIRMAN: You are getting very close to the line. I do not mind, and the witness is not at all reluctant—

Mr. APPLEWHAITE: Let me ask this question, and if either the witness or the chairman decide that it should not be answered that is fine and dandy—but I am interested in getting an answer in some way. Is the decision to adopt certain types of equipment based to any large extent on the possibility of Canadian and American forces operating together on the North American continent in wartime? In other words is it based on the defence of this continent as a unit?

The WITNESS: That obviously enters into the consideration of adopting a design for a particular item of equipment. In some cases it is the over-riding factor. For example in the case of the specialized equipment which the mobile striking force uses or would expect to use in conjunction with American forces were they to operate on the northern half of this continent it is the over-riding consideration.

Mr. FULTON: I think perhaps my question was too wide and I would like to narrow it in one more effort to get what I want. Has the decision to standardize on U.S. equipment resulted in a decision to adopt particular weapons or any particular weapon which, viewed as a weapon, you would think inferior to the weapon you rejected? I used those words "military science" before, but that was too broad and I am restricting it to "weapon, as a weapon"?

The WITNESS: In my view?

Mr. FULTON: In the view of the department?

The CHAIRMAN: As a matter of fact in the original answer to that he said he was not a scientist and could only answer from his own view—and he said no. It is the same question you are asking again, Mr. Fulton. He eliminated the scientist himself.

Mr. FULTON: I will take a concrete example. I do not know which is inferior but the kind of thing I am thinking of is this: On balance the department might decide that the 25 pounder is a better gun than the 105 mm. and yet it has been decided to standardize on the 105 mm. What I am asking is are there any cases, specific cases, where that decision has been made and where the department has the view that the one rejected is the superior weapon?

Mr. DICKEY: Before the witness answers that I do not think it is a fair question because I do not think it is possible to judge decisions of this kind outside of their context. They have got to be made, I think, by a department like the Defence Department, taking into consideration every one of the circumstances; and to ask the deputy minister of the Defence Department for his personal opinion—

Mr. FULTON: I am not asking for personal opinion, I am asking as deputy minister—

Mr. DICKEY: Well to answer as the deputy minister—

The CHAIRMAN: What you are saying, Mr. Fulton, is: Do you agree with what your minister did?



Mr. FULTON: No, I am not.

The CHAIRMAN: I think you are.

Mr. FULTON: The deputy minister has given us a statement of policy, and as it is applied it is the basis on which it was decided to re-equip Canadian divisions with American type equipment. I think we are entitled to examine in this committee the implications of that policy. I am not asking him to assess or make any comment on the policy or go further in the general statement that he has given on policy, but I think it will help us to understand the implications of the policy to ask for factual details as to the results.

Has it resulted in you accepting as a standard for Canadian divisions a weapon which, viewed purely as a weapon, would be held to be inferior to the one which you are now using? The question of justifying or criticizing the implementation of the policy would be one for the House and the minister, but I am asking for facts, and this is the only place where we can get them.

The CHAIRMAN: Are you not saying in effect this: Your minister decided to replace the 25 pounder; are you satisfied that the gun that is replacing the 25 pounder is a better gun than the 25 pounder? Is that a question for him to answer?

Mr. FULTON: Who else could answer?

The CHAIRMAN: That is a matter for the minister.

Mr. FULTON: The minister did not say, on the basis of policy which the deputy has outlined, that they looked over every article of equipment and said: "We will use American rather than British" but they did make the broad decision, for reasons stated by the deputy, to adopt the policy.

I am asking the deputy minister, and it seems to me he is in a position to answer: What are some of the results of that policy with respect to weapons with which we will now be equipped?

It may be that in no case has the result been to adopt an inferior weapon, but it might be in two cases, or a number of cases that it has been the result. I should imagine the minister or the deputy would be perfectly prepared to justify the policy even with those results—on the basis of the broad over-all picture. Surely we are entitled to ask for details of the results?

The CHAIRMAN: You asked him to indicate the weapons that were standardized for a division, is that right?

Mr. FULTON: That was an earlier question.

The CHAIRMAN: All right, let us see what weapons we are talking about then, before we get into the second question.

Mr. FULTON: One of them—

The CHAIRMAN: Well, let us see.

Mr. FULTON: One which he mentioned offhand or right out was artillery equipment.

The CHAIRMAN: Let us see what we are talking about rather than to keep talking in a vacuum or in the abstract.

Mr. FULTON: Do you want me then to take the list of perhaps 1,000 items, and ask Mr. Drury on each item whether it is superior to the one we are using or inferior—and ask him that a thousand times? Why should I not ask him now: Is there any particular case in which the results of the application of this policy have been to replace a weapon which is regarded as superior, viewed as a weapon, with one which is inferior?

The CHAIRMAN: Gentlemen, just let us get to this. I recall Mr. Drury's answer a few moments ago when the question was asked of him and he gave the answer. None to my knowledge. Is that your answer?

The WITNESS: That is still my answer.

Mr. DICKEY: My point is that I do not think it is a fair question.

Mr. FULTON: I have had the answer and I would have had it five minutes ago if there had not been all this nonsense.

The CHAIRMAN: The answer has come out. I do not think you were entitled to it but it came out and that is that. You suggested it might be a close question, you did not spring it on him. I think we have to be a little careful.

Mr. HARKNESS: On this particular question I do not see the objection you have raised but in addition, it happens to be a matter on which Brigadier Drury is particularly qualified to answer, because he has had experience himself with both the 25 pounder and the 105 mm. for a good period during the last war. I think, in the result, that is a question which he is particularly well qualified to answer.

Mr. FULTON: I think the question and the answer went a good deal beyond the 25 pounder and the 105 mm. as I understand it.

The CHAIRMAN: The question went the whole way.

Mr. WEAVER: I think that kind of question should be asked and answered when the estimates are up in the House—not here.

The CHAIRMAN: The answer sort of jumped out from Mr. Drury.

Mr. ADAMSON: I think it is perfectly fair.

The CHAIRMAN: Let us now not get into a discussion whether it is perfectly fair or not. The question was answered and that is that. If any of you are of the impression that it is a precedent you better have another thought because we will have to just make sure of Mr. Drury's position. He is here as deputy minister answering questions.

Are there any further questions now?

We have with us Mr. W. J. W. Reid, who has just been appointed director of the gun production branch. Mr. J. Kenderdine who was chief of production died just recently and Mr. Reid has just joined the department.

Mr. Reid is quite capable of answering most of the questions but if he is not able to answer them immediately you will understand and they will be procured for the next meeting. I just point that out—he did not ask me to do it but I say that for your own understanding.

As it is nearly one o'clock you do not mind if we adjourn the meeting until next Tuesday at the usual hour and we will take up the subject of stores.

The committee adjourned.

## APPENDIX 18

## NUMBER OF BUSES AT R.C.A.F. CENTRES

(To April 24)

R.C.A.F. Formation	Number of Buses
<i>Maritime Group—Halifax</i>	
Station Greenwood .....	2

*Tactical Air Group—Edmonton*

R.C.A.F. Formation	Number of Buses	R.C.A.F. Formation	Number of Buses
Group Headquarters and Station Edmonton .....	6	Station Whitehorse .....	3
Station Suffield .....	1	Station Calgary .....	1

*Training Command—Trenton*

Command Headquarters and Station Trenton .....	2	Station Clinton .....	2
Station Aylmer .....	4	Station London (Ont.) .....	2
Station Camp Borden .....	3	Station St. Johns (P.Q.) .....	8
Station Centralia .....	2	Station Summerside .....	1

*14 Training Group—Winnipeg*

Group Headquarters and Station Winnipeg .....	5	Station Claresholm .....	3
Station Saskatoon .....	3	Station Moose Jaw .....	3
Station Gimli .....	3	Station MacDonald .....	4

*Air Defence Command—St. Hubert*

Command Headquarters and Station St. Hubert .....	4	Station Bagotville .....	2
Reserve Group Headquarters Montreal .....	1	Station North Bay .....	2
Station Chatham .....	4	Station Uplands .....	2
		Station Hamilton .....	1
		Station Toronto .....	3

*Air Defence Group—Vancouver*

Station Sea Island .....	1
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*Air Materiel Command—Ottawa*

2 Construction Maintenance Unit —Calgary .....	3	1 Supply Depot Weston .....	3
12 Explosives Depot—Angus .....	1	5 Supply Depot Moncton .....	1
15 Explosives Depot—Kamloops .....	1	11 Supply Depot Calgary .....	1
16 Explosives Depot—Debert .....	1	6 Repair Depot Trenton .....	2

*Air Transport Command—Lachine*

Command Headquarters and Station Lachine .....	7	Station Rockcliffe .....	4
Station Goose Bay .....	4	Detachment Frobisher Bay Northwest Territories .....	1



## APPENDIX 19

## REVISED FORECAST OF EXPENDITURES ON SELECTED ITEMS

FISCAL YEAR 1951-1952

(Thousands of Dollars)

	At 29 Feb./52	At 31 Mar./52*
Mechanical Equipment including Transport		
<i>Navy—</i>		
Original Forecast .....	1,100	1,150
Revised Forecast .....	900	1,100
Actual Expenditure .....	822	1,062
<i>Army—</i>		
Original Forecast .....	15,000	20,000
Revised Forecast .....	10,000	13,000
Actual Expenditure .....	9,519	11,482
<i>Air—</i>		
Original Forecast .....	10,519	12,791
Revised Forecast .....	8,000	14,000
Actual Expenditure .....	5,966	7,289
Tanks and Armoured Fighting Vehicles—		
<i>Army—</i>		
Original Forecast .....	.....	.....
Revised Forecast .....	2,500	3,000
Actual Expenditure .....	150	2,683

NOTE: \* The figures for 31 Mar./52 do not take into account the supplementary expenditure period and are thus not final figures for the fiscal year.



















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Physical &  
Applied Sci.  
Materials

Canada: Defence Expenditure  
Special Committee on, 1932

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

TUESDAY, MAY 6, 1952

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),  
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952





ORDER OF REFERENCE

WEDNESDAY, May 7, 1952

*Ordered*,—That the name of Mr. Pearkes be substituted for that of Mr. Dinsdale on the said Committee.

*Attest.*

LEON J. RAYMOND,  
*Clerk of the House.*

## MINUTES OF PROCEEDINGS

TUESDAY, May 6, 1952.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Present:* Messrs. Adamson, Benidickson, Blanchette, Cavers, Churchill, Croll, Dickey, Fulton, George, Harkness, Henderson, James, Jones, Larson, Macdonnell (*Greenwood*), McIlraith, Power, Stewart (*Winnipeg North*), Stick, Thomas, Weaver.

*In attendance:* Messrs. C. M. Drury, E. B. Armstrong, Assistant Deputy Minister, W. R. Wright, Department of National Defence.

As decided at the last meeting and pursuant to the recommendation contained in the Third Report of the Sub-Committee on Agenda, the Committee proceeded to the examination of accounting and safeguarding of stores, etc., in the three services.

Mr. E. B. Armstrong was called. He read a prepared statement on the control and accounting of materiel and stores in the Department of National Defence, copies of which were distributed.

The witness was examined and instructed to table answers not readily available.

After a discussion on procedure and on the availability of information asked, the Committee resumed its examination of the witness.

At 1.05, Mr. Armstrong's examination still continuing, the Committee adjourned until Thursday, May 8, next, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*





## EVIDENCE

MAY 6, 1952.  
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. Our first witness today is Mr. E. B. Armstrong, one of the assistant deputy ministers of the department. He has prepared a statement, which will be passed around now. I suggest, that you make notes as the statement is read to you, and immediately afterwards you will have an opportunity of questioning him on his statement.

**Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence, called:**

The WITNESS: This is a statement of the systems in the Department of National Defence for the control and accounting of materiel and stores.

### CONTROL AND ACCOUNTING OF MATERIEL AND STORES IN THE DEPARTMENT OF NATIONAL DEFENCE'

In each of the three forces the main stocks, excluding ammunition, are held at the major supply depots. In the navy, there are five main depots, located at Halifax, Esquimalt, Ottawa, Sydney and St. Hubert. In the army there are four central ordnance depots. These are No. 25 at Longue Pointe, holding technical stores which include signal and wireless equipment, tanks and armament, fire control and optical stores, generators and engineer equipment; No. 26 at Ottawa holding clothing, barrack and general stores; No. 27 at London, Ont., holding wheeled vehicles and spare parts; and No. 28 at Shilo, Manitoba, holding parachute and allied stores. The army also have three regional ordnance depots located at Halifax, Regina and Vancouver and nine area ordnance depots, one in each army area. The air force have four main supply depots holding stores of all kinds. These are located at Moncton, Toronto, Calgary and Vancouver.

In the navy and air force, issues are made from the main depots direct to units. In the army the area depots hold and supply training requirements of technical stores and vehicles for the reserve and active units in the area. Units draw on the regional depots for clothing, barrack and other general stores. The regional depots receive their supplies from the central depots. While the army depots to which I have referred cover most army stores; dental stores are handled by the Dental Corps; medical stores by the Medical Corps; food supplies, gasoline and oil and fuel supplies by the Army Service Corps and building supplies by the Engineer Corps in their own depots.

I will now describe the systems that are used for accounting for and safekeeping of these stores.

#### *Main Depots*

The army and air force have similar storekeeping systems operating in their depots, and the navy is progressively introducing the same system. The basic elements are the same as used by the United Kingdom and American Forces.

The depots are divided into five main divisions:

- (a) the stock control section,
- (b) the warehousing section,
- (c) the receipt and issue section,
- (d) the technical services section,
- (e) stocktaking section.

The accounting system is capable of being operated either manually or by machines. During the war both army and air force used machines, but in the interval between 1945 and the current fiscal year, they have been operating on a manual basis. The volume has now reached a point in the army and air force where it has become necessary to revert to machine accounting. The installation of machines is presently under way. The navy are in the process of changing over to the system in use in the air force and the army. It is already in effect for clothing stores and is being put into effect in the other sections as quickly as a new catalogue can be drawn up.

The stock control section is the nerve-centre of the depot and this is where the stock record cards are maintained. When a demand is received from a unit, it is edited by the stock control section to assure that it is properly authorized and that it is in order in all respects. If so it is posted to the stock record card as an issue and an issue voucher, in several copies is prepared. The control copy is held in the stock control office, one copy goes to the outgoing clearing area as notification that the shipment is due out and the remaining copies go to the warehouse foreman, who marks the stock location and has the stores drawn from the shelves in preparation for shipment. One copy is included in the shipment and two are returned to the stock control office. These are compared with the control copy to see that there is no difference; one copy is then forwarded to the receiving unit. The issue is now checked to the stock record card and the issue voucher number placed opposite the posting which was made from the demand or indent. When the shipment is received by the receiving unit the packing note copy is compared with the copy received through the mail. If the two are in agreement, receipt is acknowledged on the face of the voucher and it is returned to the issuing depot. This copy is filed with the service audit branch and the transaction is completed. The audit branch use this copy to check at a later date on the accuracy of the receiving unit's records.

"Dues in" and "dues out" records are maintained. The "dues in" record lists all stores not yet delivered from contracts. The "dues out" record lists all unfilled demands.

When a shipment of stores is received by the incoming clearing area the stock control office is immediately advised that a shipment has been received. This advance information is not in sufficient detail to post to the record, but enables immediate action to be initiated if there are urgent unfilled demands. As soon as the stores have been forwarded to the warehouse concerned and unpacked, they are compared with the packing note which is included in the shipment which is then passed to the stock control office. If, as sometimes happens, no packing note is received, an inspection receipt voucher is prepared and forwarded to the stock control office. The stock control office posts the receipts in accordance with the packing note or the inspection receipt voucher to the stock record card.

When the shipment is from a contractor the invoice goes directly to the stock control office and cannot be passed for payment until matched with a receipt voucher and posted as a delivery against the relevant contract. If the shipment has been received from another unit, then as in the case of outgoing shipments, there will be a copy of the voucher received by the stock records office through the mail, which is compared with the packing note copy received

with the shipment. When the two vouchers have been compared, the stock control officer sends one certified copy to the unit which is matched with the control copy held at the unit.

Stocktaking is scheduled to cover the entire depot once a year. It is carried out on a three-part tag system, where two independent checkers take stock and the results are compared. If the the two do not agree, then a third check is made. If the physical count does not agree with the stock record card balance, an immediate investigation is made to determine the source of the difference.

There is an internal audit section in each depot continually making test checks of all phases.

What I have said to this point covers a general description of the procedures at the main depots. The unit control of stores and the specialized features applying to particular types of stores and operations, can be described most readily by considering each force separately.

## NAVY

### SHIPS ACCOUNTING

Ships, shore establishments and naval divisions (Reserve) are self-accounting. Each has a supply officer who is responsible for all naval stores excluding armament and accounting for them.

#### *Permanent Stores*

Permanent stores are those which are not consumed in use and are for the most part distributed throughout the ship or unit in the various departments such as the executive dept., shipwright, engineer, gunnery dept., signals section, etc. The supply officer maintains ledgers which show receipts, issues and balances and also has columns showing the quantities of stores in each department. For each department, there is also an inventory form on which the head of the department signs for all stores in his department. He in turn prepares custody record cards on which he obtains the signature of the individuals in his department who are actually using the stores. Stocktakings of all stores on inventories are conducted every six months, and also when the person in whose custody they are is transferred.

#### *Consumable Stores*

Consumable stores are held on charge by the supply officer. Ledger sheets show receipts, issues and balances, and on the back of the ledger sheet a record is maintained of quarterly totals of expenditures. These figures are used by the responsible officer to ensure that excessive quantities of consumable items are not being expended. Reports of consumption are submitted to naval headquarters by all ships and establishments. These statistics will be used as a basis for control by Headquarters of consumption expenditures.

#### *Armament Stores*

Armament, such as guns, mountings, rifles, and ammunition are the responsibility of the armament officer. Ledgers are maintained in which are recorded all receipts and issues and a list of all serial numbers of rifles, and other weapons is kept. Armament is supplied in accordance with scale of issue.

Ammunition is also accounted for in ledgers and is issued according to training requirements. Entries are made in an expense book as ammunition is used and these entries are totalled quarterly and written off ledger charge.

Stock must be counted periodically and further, whenever there is a change of armament officers.



### *Navy Victualling*

The navy has two central victualling depots, one at Halifax and one at Esquimalt. They are responsible for supplying food and rum supplies to all units in their areas.

Procurement is done both locally and through contracts let centrally by the Department of Defence Production. The accounts are maintained on bound ledgers, with transactions covered by receipt and issue vouchers. Stocktaking is on a monthly basis.

The units demand from the depots in accordance with the ration scale.

Each unit prepares a monthly provision report which is forwarded to naval headquarters. The rations are priced at a fixed price scale, which allows headquarters to make comparisons as between similar establishments or ships.

Rum supplies are stored in double-locked warehouses and the keys held by two independent officers. Issues are made in accordance with prescribed scales. A monthly return is made to naval headquarters for review.

The command victualling officer makes regular inspections of the units in his area.

### *Navy Dockyard Cost Accounting Procedure*

All requests to the dockyard for work to be performed in the various workshops must be signed by the ship's officer immediately responsible, and by the administrative authority of the ship concerned.

Each item is segregated on a separate form which contains a description of the work, and an estimate of the cost both of material and labour.

The superintendent of the dockyard forwards the form for action to the head of the department concerned.

The material is drawn on costed requisitions from naval stores. The payroll is broken down by jobs.

The foremen of the shops concerned report daily to the heads of departments when each job is completed and return the completed forms signed as completed.

Daily progress cost reports for each job are compiled by the cost accounting section and forwarded to the superintendent of the dockyard, with copies to the heads of the departments showing the daily and cumulative charges against each job. This is used by the administrative officers of the dockyard in controlling and analysing expenditures.

### *Inspections*

All stores accounts in the navy are subject to periodic inspections by the inspectorate of stores and fleet accounting.

## ARMY

### UNIT ACCOUNTING FOR ORDNANCE STORES

Army unit entitlement to clothing and equipment, barrack and technical stores, is established scales of issue for the type of unit concerned.

The Officer commanding a unit is accountable for all public stores pertaining to or on charge to his unit. The unit quartermaster is in turn responsible to the commanding officer for the proper equipping of unit personnel and for the security, care of and proper accounting of all arms, equipment and other property placed in his custody.

Requirements are obtained from the nearest ordnance depot by submission to the area ordnance officer of an indent showing in the applicable spaces, the actual strength of the unit, the entitlement based on the scale of issue and strength, the quantity of the required articles already on charge, quantity now required and the authority for demanding.

### *Non-Expendable Stores*

Unit ledgers are maintained to record the receipt, issue and stocks on hand. Small arms and other serially numbered equipment are recorded by number on cards as well as by quantity in the unit ledgers.

Barrack stores, tools and technical equipment in continuing use are recorded on distribution cards and are signed for on inventory sheets. Training stores issued for short periods are signed for on packing notes. All of these stores remain on charge in the unit ledgers.

Issues of personal clothing and equipment are signed for and vouchered from the unit ledger to the individual's clothing and equipment statement and become the holder's personal responsibility. Unserviceable stores are held on ledger charge in the same manner as serviceable stores. They cannot be disposed of at unit level. Accumulations are reported to Ordnance to whom they are forwarded when authority is received and for which receipts are obtained to support the ledger entries.

### *Spare Parts for Vehicles*

Parts required by RCEME Workshops for the repair of vehicles and technical equipment are obtained from Ordnance on exchange for defective like items on a one for one basis. They are signed for on a workshop order which gives all details of the article being repaired, type of repair and parts required. Units carrying out minor repairs obtain the required parts in the same manner.

### *Expendable Stores*

Stores classified as expendable such as soap, cleaning materials, paints, etc., are not taken to ledger charge by units. The covering vouchers however, are receipted and certified by the CO that the stores have been obtained for use in the public service. The vouchers are registered and numbered in the same series as other Stores and the quantities expended in any given period are subject to review by inspecting officers.

### *Stocktaking and Inspection*

Unit quartermasters are required to carry out a monthly stock-taking of all stores on charge.

Ordnance inspection teams in each area receive copies of all vouchers and carry out a yearly inspection and complete stocktaking.

## FOODSTUFFS, FUEL, GASOLINE AND LUBRICANTS

The quartermaster general, through the director of supplies and catering, is responsible for the provision of supplies for the Canadian army and of foodstuffs for the RCAF. Supplies include foodstuffs, disinfectants, insecticides, toilet paper, paper bags, wrapping paper and twine; fuel, and gasoline and lubricants.

Procurement is normally by standing period contracts arranged by the Department of Defence Production, but urgent requirements can be obtained by local purchase order.

The receipt, warehousing, issue and accounting is done by the Royal Canadian Army Service Corps and is the responsibility of officers in charge of supply depots located in camps and at other centres where troops are concentrated.

## FOODSTUFFS

A supply ledger is maintained at each supply depot to record the receipt, issue and stock balances of each commodity. All transactions are supported by

signed vouchers. A few commodities are checked each day and a complete stocktaking is carried out monthly by the supply officer to ensure that actual stocks are in agreement with ledger balances.

All commodities are inspected as to quality and condition and are weighed or counted before being accepted and taken to charge.

Issues to units are made daily or at two or three day intervals according to location and quantities are based on applicable ration scales and strength. Units demand their requirements on a combined indent, issue voucher and record of issues form showing the strength for which rations are being demanded and the quantity of each commodity required. Each indent is checked against the ration scale before issue is made and the supplies written off charge. At the end of each month a record of rations issued to each unit during the month is sent to the command for checking by the command supply officer and certification as to strength of the unit by the command paymaster.

### FUEL

Fuel required for heating and cooking is normally ordered from contractors holding yearly contracts.

Receipts are subject to inspection as to type and quality and quantities are supported by certified weigh scale tickets.

Royal Canadian Army Service Corps officers in charge of stockpiles in areas maintain a ledger record of receipts, issues and stock balances. All transactions are supported by signed vouchers. Stocks are checked monthly.

Units are required to maintain a fuel book to record receipts. A monthly fuel return is compiled by the unit showing receipts, consumption and stock on hand which is submitted to the Royal Canadian Army Service Corps officer in charge of supplies in the area in which the unit is situated, for review and comparison with the master record maintained by him.

Fuel stocks are inspected by the command supply and transport officer or his representative on the occasion of his visit to the building or unit concerned.

### GASOLINE AND LUBRICANTS

Period contracts are arranged through the Department of Defence Production. Deliveries are ordered as required and are accepted in bulk where warehousing facilities exist. At reserve army units and active formations remote from Royal Canadian Army Service Corps storage points, provision is made to accept delivery directly from commercial suppliers into service vehicles. Urgent requirements of gas and oil may also be obtained by vehicles on the road from service stations by means of emergency credit purchase orders.

A stock ledger is maintained, at storage points, to record the receipt, issue and balances of all gasoline and lubricants. Receipts are subject to test and analysis and are checked as to quantity before being taken to charge. Issues are supported by signed vouchers and daily stock checks are made to verify quantities on hand. Issues directly to vehicles are signed for by the driver at time of issue, one copy of the voucher being given to the driver. The total issues to each unit are vouchered monthly and signed for by the commanding officer after verification with the individual vouchers.

Units drawing these products in bulk maintain ledger accounts and submit a monthly return of receipts, issues to vehicles and stock on hand. Daily checks are made to ensure stock is in agreement with the records.

A log book is maintained for every vehicle. The use of vehicles is restricted to trips authorized by signed work orders showing time of departure and return, mileage and purpose. Gasoline and oil used in the vehicle whether obtained from unit bulk stores, storage points or commercial gas stations are



recorded on the work ticket which in turn is posted to the vehicle log book. Mileage is totalled monthly and the miles per gallon computed. Vehicle log books are reviewed and signed monthly by the mechanical transport officer.

All supply accounts are subject to the inspection and audit by the director of supplies and transport auditor.

#### ACCOUNTING SYSTEM—ROYAL CANADIAN ENGINEERS

A cost accounting system which I will describe is being progressively brought into operation. It is divided into the following main functions:

##### *Accounting for Materials and Supplies*

All materials and supplies for engineer services and works are priced and taken to charge by quantity in the stock ledgers when received. They are taken off charge when issued to jobs. Any materials not used in the job are again taken on charge.

##### *Job Costing*

The cost of both labour and materials for each job is estimated in advance. This estimate forms the basis of a work order which lists the materials and the labour estimated to be required for the job. The foreman of the job is authorized to requisition materials up to the quantities listed in the work order. A copy of each issue voucher goes to the accounting office which maintains a record of all costs against the work order. The estimated costs are compared with actual costs. In any case where actual costs appear likely to exceed the estimate, the project is immediately re-examined.

##### *Real Property Records*

A record is maintained of all lands, roads, parking areas, sewers, buildings and miscellaneous structures under the control of the army. The detailed descriptions include the type and quantity of fixed installations such as plumbing, heating systems, light and power installations.

##### *Installed Engineer Fixture Records*

These supplement the real property records and provide the accounting and distribution record of walk-in and domestic refrigerators, electric stoves, fixed clocks, venetian and common blinds, installed in buildings.

##### *Works Feature Cost Accounts*

These are an analysis of the costs of army building and work services. They will be used to control maintenance costs, to provide data for preparing the annual estimates, to compare the costs of identical repair and maintenance functions in different localities, to compile construction costs, and to control the use of utilities, light, heat and water.

#### ACCOUNTING AND CONTROL—TECHNICAL DENTAL STORES

Procurement, custody and issue of dental stores is the responsibility of the director-general of dental services. All dental services to the RCN and the RCAF are supplied by the Royal Canadian Army Dental Corps.

##### *Accounting at No. 1 Central Dental Stores—Ottawa*

Main stocks are held at this depot. Stock ledgers are maintained with a separate sheet for each kind of item, showing receipts, issues and a running balance. All entries are supported by signed vouchers. Issues are made on approved indents which are first carefully scrutinized to ensure correctness of nomenclature, entitlement and authority. These indents are prepared by the requisitioning unit and forwarded to the depot in triplicate. The depot com-

pletes the indent as to quantities of stores issued, mails copy No. 1 to the unit, enclose copy No. 3 with the stores shipped and retains copy No. 2 for posting to depot ledgers. Subsequently the unit after receiving the stores, receipts copy No. 1 and returns it to the depot, stocktaking of all stores is completed every three months and reported to the director general dental services. All ledger entries are checked by a second person.

#### *Accounting at Dental Companies*

There is a dental company in each command. These companies draw stores from No. 1 central dental stores and supply clinics and dental operators with their requirements. Ledgers are maintained as at No. 1 central dental stores. Complete stocktaking is carried out every 3 months and reported to the director general dental services. Ledgers are regularly checked by a second person. All serially numbered equipment is reported every 3 months by number to the director general of dental services.

Dental kits issued to operators or technicians are controlled by means of "Dental Kit Statements" which list the complete contents of the kit. The holder signs the statement, one copy of which is held by the unit. If the holder is transferred, he must account to the unit before leaving. The kit is then vouchered to his new unit after being checked, and the original statement is forwarded to the operator's new unit to continue the control. Kits are all serially numbered and these numbers are registered in the unit's ledgers.

Precious metals are accounted for by weight. Patients sign for work in which precious metals are used. A monthly return is made by clinics to units showing quantity used, and scrap metal is returned to stores. A semi-annual return covering precious metals is made to the director general of dental services by all units.

Unserviceable equipment returned for exchange must be accompanied by an explanation. Where unserviceability is found to be due to carelessness or neglect, the individual concerned is liable for damages. Unserviceable stores are periodically surveyed by a board of officers and are either destroyed or reclassified as salvage and accounted for until transferred to Crown Assets Disposal Corporation.

#### ACCOUNTING FOR MEDICAL STORES AND EQUIPMENT

The supply, custody and control of medical stores and equipment is the responsibility of the director general of medical services.

Main stocks are held at central medical stores in Ottawa which issue to the command medical stores depots in each command. Units and hospitals draw their requirements from command medical stores depots according to prescribed scales of issue.

Medical supplies and equipment are classified as follows:

##### *Class "A"*

Items of permanent technical equipment such as surgical instruments, operating room furniture, and apparatus of a non-perishable nature.

##### *Class "B"*

Items of technical medical equipment which may become unserviceable and are not repairable such as, glassware, needles, electrical elements and bulbs, rubber goods, etc.

##### *Class "C"*

Goods which are entirely consumed or expended in the care and treatment of patients, e.g., medicinal agents, surgical dressings, X-ray films, etc.

*Class "D"*

Items defined as narcotics, or containing narcotics, restricted drugs, and all drugs within the meaning of the Narcotic and Drug Act.

In the depots stock ledgers are maintained, a separate sheet for each item showing receipts, issues, and quantity on hand. All entries are supported by signed vouchers. Issues are made on the basis of approved indents. Attractive stores and drugs are securely locked up separately from other stores. Regulations require an annual stocktaking. In addition, officers in charge are authorized to carry out frequent spot checks. When the preparation of medicines is undertaken a transfer voucher is prepared showing the materials used and the completed product. This voucher is certified by the commanding officer or other pharmacist officer and supports the ledger entries which writes off the materials used and bring to charge the finished product.

All hospitals and units having medical supplies are required to maintain ledgers to record the receipt and issue of all classes of stores. Entries must be supported by signed vouchers. Class "A" stores may only be removed from ledger charge when returned to a medical stores depot, issued to another unit by proper authority, or condemned by a board of survey. Class "B" stores when they become unserviceable, are held on charge until examined by a board of survey. Class "C" stores are issued as required by prescriptions and requisitions which are totalled monthly. A certificate issue voucher is prepared which is certified by the responsible officer that the items were used in treatment. This voucher supports the write-off in the ledgers. Class "D" stores can only be issued on prescriptions which are signed by a medical officer and each item issued is entered in a narcotic register showing all particulars. The register is totalled monthly and an issue voucher prepared and certified by the officer in charge of the medical unit or the medical officer in charge of the medical inspection room. Narcotic accounts and security are inspected by the narcotic auditors of the Department of National Health and Welfare.

## RCAF UNIT ACCOUNTING

Commanding officers are responsible for the efficiency of their supply and accounting sections, the safe custody of RCAF materiel and its proper use.

At each self accounting unit, a record of equipment in stock and issues and receipts which must be supported by signed vouchers is maintained on stock record cards. In addition, a ledger record is kept, showing non-consumable stores in use. These articles are listed in inventories and the inventory holder is held accountable for them. A physical check is made every six months against the inventory ledger by an independent officer.

A continuous internal audit of all supply accounting records maintained at the unit is carried out by the senior accountant officer of the unit.

Individual cards are kept showing items and quantities of personal equipment and clothing issued to each individual. As in the navy and army, checks are provided by kit inspections.

Control over MT vehicle operations in the air force is basically the same as that in the Army. No trips are taken except on signed authority and repairs, gasoline and oil consumption and tire and engine serial numbers, are recorded in a document similar to the army log book.

A complete stocktaking is required of all units at the same time each year. In addition, the supply officer and his staff make checks a part of daily routine. The senior accountant officer or his representative is also present at stocktaking. Both parties sign the stocktaking form.

Construction supplies for maintenance work, including replacement plumbing fixtures and hardware, sand, gravel and lumber which are generally purchased locally are delivered directly to the construction and engineering sections.



These materials are purchased at unit level to meet immediate requirements only. The supply officer initiates procurement on a demand from the construction and engineering officer stating the purpose for which the materials or supplies are required.

That completes the description of unit and specialized stores control procedures and I will now outline in general terms the function of the chief auditor's branch, write-off procedures and security and fire protection measures.

#### CHIEF AUDITOR'S BRANCH

The branch was organized in March, 1948, as a part of the deputy minister's office and conducts an audit for the deputy minister independently of the internal audits made by the service organizations.

The chief auditor is a university graduate and a chartered accountant. He reports direct to the assistant deputy minister (Finance). There is a staff of 57, of which 42 are auditors operating from seven regional offices located at Halifax, Montreal, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver. The headquarters located at Ottawa has a staff of 8.

The audits are of a test nature, similar to commercial practice. They cover all phases of accounting service pay, civil pay, cash, revenue, stores, security, fire protection. All major units are visited once a year and a representative number of minor units are also visited including Reserve Force Units.

At the close of an audit all matters requiring attention are discussed with the commanding officer and other officers concerned. A written report is forwarded to the assistant deputy minister covering each inspection, and he forwards it to the Chief of Staff concerned with his comments.

#### WRITE-OFF PROCEDURE

No stores may be written off charge without proper authorization. When the loss is not the result of theft, fraud or arson, the write-off may be approved by specified officers of the forces up to a value of \$2,500. A court of inquiry is held in every case where the loss is suspected to be due to theft or fraud and also where losses are due to fire. If no member of the force or no civilian employee of the department is implicated, specified service officers may authorize write-off of losses due to theft or fraud up to a maximum of \$250. All other recommendations for write-off of stores must be submitted to the minister for approval.

Under Section 60 of the Financial Administration Act, approval of the Treasury Board is required to deletion of stores or materials from the inventory. A statement of the stores and materials deleted is to be included annually in the Public Accounts.

#### *Security*

Security measures are adapted to the size and location of each depot or unit. Most of the major depots in the three services are surrounded by a perimeter fence with guards stationed at the gates and a security patrol inside the fence. Security guards may be service personnel, Corps of Commissionaires or civilian watchmen.

Employees of the depot are issued with permanent badges which they must wear at all times while in the depot. Visitors are registered on production of proper identification and are issued with a visitors badge which they must wear during their visit and surrender when leaving the depot at which time they are registered out. Employees carrying parcels must have a "gate pass", listing the contents of the parcel. Surprise searches are made of employees and lunch boxes.

Trucks must have a "load list" of the stores being taken from the depot to present to the gate guards and are subject to search by the guards.

Night security is effected by lock-up and a security patrol inside and outside the depot who record their visits to the various points by either a register or punching a Detex Clock. These records are examined each morning by the security officer.

Stores such as watches, cameras and field glasses within the Depot are doubly secured by storing them in locked enclosures, access to which is limited to specific persons.

Gasoline pumps are usually in a fenced enclosure; tank inlets are kept locked and dispensing is normally the responsibility of one specified person.

Buildings in which stores are warehoused are generally provided with barred or grilled windows.

### *Fire Protection*

First aid fire fighting equipment is placed in all buildings in accordance with requirements determined by the fire marshal of the force concerned. This equipment is the responsibility of the occupying unit who are required to inspect it monthly and record their inspections on a tag attached to each piece of equipment. Inspections are also made by the fire marshal.

Isolated camps have a fire department with such equipment as is necessary for the size of the camp.

Some of the larger depots are equipped with sprinkler systems.

All major depots and camps have a fire alarm system and also regular fire picquets.

Fire orders are posted throughout camps and depots and are published in unit orders.

Where establishments are located in cities or larger towns a direct fire alarm is connected to the municipality fire department.

Security patrols are also part of the fire protection system.

That, Mr. Chairman, completes the general statement.

Mr. STEWART: I have read this statement in a most cursory way, but I think I have already detected a method by which I can beat the game and I wonder if Mr. Armstrong would care to comment on this. In looking over the whole brief, I think the weak point is at the top of page 17—

Trucks must have a "load list" of the stores being taken from the depot to present to the gate guards and are subject to search by the guards.

Now, if I were of a dishonest turn of mind, would it be possible for me to buy off the guards, to have my trucks go in there and pick up equipment, take it out for private use or for resale, and to obviate the dangers which would arise from the audit by, say, the unit quartermaster, to perhaps try to buy them off too. Would that be a possible method by which the stores could be stolen, or have you some adequate safeguard against human frailty?

Mr. GEORGE: On a question of procedure, Mr. Chairman. Would it not be more business-like if you take this statement page by page rather than jump all over?

The CHAIRMAN: Some of the pages may not be very informative to some of the committee members. I think we had better open the subject up and let the committee speak their minds.

*By Mr. Stewart:*

Q. I was just wondering. This method of taking stores out, subject to search by a guard, of course, is dependent entirely on ordinary human honesty

and you will get dishonesty in every walk of life. I am sure this angle must have crossed the minds of the officials. Can this feature be adequately guarded against?—A. I do not think there is any method by which 100 per cent security can be achieved. However, with respect to your particular question, the transport arrangements by which the stores are to be shipped out of the depot at the main supply depots are made by warehousemen themselves. Then directions or instructions are given to the shipping officer and he would follow those out, so that it would not be possible, I think, without collusion of at least more than one individual to arrange for your own supply trucks to go in there, past the guard at the gate, pick up stores from the shop section and then go back out. Of course, I think that if you have enough dishonest people who are prepared to do these things it is possible for that sort of thing to happen.

Q. Yes, I suggested in this case it would have to be by collusion. Where would the ordnance staff come in here? Do they go into the depots once a year and take an inventory or would it be done under their supervision?

—A. Well, the supervision is carried out in these main army depots, which I think you are speaking of, on a continuous basis by a stocktaking section who are there for that purpose, and they would close off a section of the depot stores for whatever period of time it takes to take the stock in that particular section and then go on to the next one. The program is designed to have a complete stocktaking in the main depot once a year. As far as the auditor is concerned, he would also take stock, but not a complete stocktaking. It would be a test check.

Mr. LARSON: Would it not cancel out the effect of any collusion if there were frequent postings of the staff at these depots, so that if there was a big organization it would be broken up by frequent postings of these various stores people?

The WITNESS: These men are posted fairly frequently. However, there are some disadvantages in that because there are some disruptions of the administrative machinery if you change your staff too often.

*By Mr. Stick:*

Q. I wanted to ask about the sprinkler systems in these depots. Is the main depot in Ottawa equipped with one?—A. No. 26 Central Ordnance Depot is in the process of installation at the moment.

Q. You have had two or three fires there in that depot?—A. It has an automatic fire alarm system connected directly to the Ottawa fire department.

Q. You are installing a sprinkler system there now?—A. Yes.

Q. It is about time.

*By Mr. Fulton:*

Q. Are you the official in the department or the officer in the department to whom reports of serious shortages or deficiencies in equipment would come, I mean the officer at the deputy ministerial level. Do those reports go across your desk at your level, or is there somebody else in headquarters who receives those reports first?—A. Well, they would be reported, depending on the source of the report, but normally they would be reported to the military authorities first and then they would be reported to me or to the deputy minister.

Q. I just want to establish that point because I have certain questions that I wish to ask you, if you are the person concerned. Would they ever go to the deputy minister without coming to you?—A. It is possible they might.

Q. But you are the assistant deputy minister. Would these reports on stores and equipment efficiency first reach you, at your level?—A. Are you talking about requests for write-offs?



Q. No, I am talking about a case where it has been established in a camp or unit that there has been a fire or a theft. Who would that report go to at the level of assistant deputy minister? Would that go to you?—A. Not necessarily. It might be reported directly to the deputy minister. It might be reported to me.

Q. I guess I will have to proceed with my questions and you can tell me if you are the party they should be directed to. I must note that you have not given us much of an outline as to the procedure of reporting those deficiencies which occur in Ottawa to the minister's and deputy minister's offices. Are you satisfied that the reports, which I believe you receive at your level, are received as early as desirable?—A. Yes, there are instructions issued to the military people in the field that they are to report any major deficiency immediately, and I am satisfied that it would come to our attention as quickly, I think, as you can expect it.

Q. How long after the first shortage or deficiency was established to have taken place at Petawawa, how long after that date did the report of that deficiency reach you?—A. Well, I think perhaps on that question if you want a precise time I had better reserve my position and find out precisely when the report came in. In fact, it was not made to me, it was made to the deputy minister.

Q. In how many camps or establishments have shortages been discovered? I would like to cover a period of five years, by years.—A. I am not in a position to answer that at the moment.

Q. Has anyone with you got that information here?—A. I am sure they have not.

Q. Was it not anticipated, Mr. Armstrong, that such a question might be asked of you?—A. It was not anticipated, I should say, or we would have brought the information, but we will obtain it.

Q. Mr. Chairman, I would like to point out here that it seems to me that this type of questioning is the obvious line our inquiry should pursue. I do not want to defer my questioning, but I want to be sure that the records will be here so that we do not have to wait from day to day to get the answers.

The CHAIRMAN: Mr. Fulton, an answer to that question will be ready by the next meeting. Notice will be taken of all questions asked today, and if the information is not immediately available, it will be available, very soon, but I do not think you could expect the witness to carry the information in his head or anticipate the question.

The WITNESS: Mr. Chairman, may I clarify the question? Your question is, at what camps have shortages been reported in the last five years.

*By Mr. Fulton:*

Q. What shortages have been discovered in the last five years?—A. This means any sort of a shortage, because you have, naturally, adjustments.

Q. I see what you mean. Shortages due to theft or fire, or other suspected improper conduct. And I would like to know what is the total of those losses during that period.—A. Well, I have not got that here, no.

Q. Could you break that down for me as to the total of losses by thefts, and the total of losses by fire?

The CHAIRMAN: Losses by fire was answered in a question asked in the House. It is in *Hansard*.

Mr. FULTON: That is right. You are quite correct there.

The WITNESS: Does that, then, limit the question to theft?

Mr. FULTON: Yes.

*By Mr. Fulton:*

Q. Have you courts of inquiry for all these losses and thefts?—A. Yes, in every case where the loss is due to theft there would be a court of inquiry.

Q. Is that a practice which has been in existence for many years?—A. Yes, it has.

Q. During the period covered by my request?—A. During the period covered in the last five years, I am sure there would have been a court of inquiry in any case where there has been a theft.

Q. Would you produce the findings and recommendations of the courts if you have them available?—A. Well, I had not expected you to bring that question up.

The CHAIRMAN: The witness will take notice of the question. What is the request?

Mr. FULTON: The request is for copies of the findings and recommendations of the courts of inquiry. I was contemplating first asking for the evidence, but that might be bulky to produce, but I think certainly the findings and recommendations can be furnished, subject to asking for the evidence in specific cases.

The CHAIRMAN: Any more questions?

Mr. FULTON: Not at the moment.

Mr. HARKNESS: In connection with what you said about fire losses, Mr. Chairman, I think the figures given in the House do not include the year 1951-52.

The CHAIRMAN: Perhaps you are right. I remember Mr. Claxton saying that he did not have the figures for the last year, but they were higher than the preceding year.

*By Mr. Stewart:*

Q. The question I have in mind has to do with matters of routine checking. For instance, the word "unit" is used several times. I suppose a unit is of different sizes, depending on location. But what, for instance, in Shilo Camp in Manitoba, would be considered a unit?—A. This procedure, as far as Shilo Camp is concerned, would apply to the whole of the camp, with the exception of the supply depot located there for parachutes and allied stores which operates, as I pointed out in the memorandum, on the same system as any other main supply depot of the army.

Q. I am thinking of this sentence on page 8, under the heading "Stock-taking and Inspection":

Unit quartermasters are required to carry out a monthly stock-taking of all stores on charge.

How precise is that stocktaking, can you tell me that, and if so, who is the unit quartermaster responsible to? Would he be responsible for the whole camp?—A. Where you had a number of army formations or units at a camp, they would each have their quartermaster and he would be responsible in respect of his own unit, and this is in fact a monthly physical count by himself or members of his staff of all the stores or equipment held by his unit.

Q. So in cases where there were shortages, at least a month would elapse before they would be discovered?—A. That is right, if there was a difference between the stock on hand and the ledger count that should be revealed at the monthly stocktaking.

Q. Have cases come to your knowledge at Shilo, or any other camp west, where your quartermaster has, perhaps, been negligent in his duty, has not carried out stocktaking as laid down in the regulations, in other words, a physical stocktaking?—A. Certainly, cases have come to our attention. That



is one of the purposes of our audits, to bring these things to light, and when they do come to our attention we take them up with the commanding officer and we take them up with the military authorities here at headquarters, who again take them up with the units concerned and take whatever corrective action is necessary. But, obviously, in an operation of this kind, and particularly one which in the last few years has expanded so greatly, we would have occasions when these procedures are not complied with as the regulations require them to be applied.

Q. But if your unit quartermasters were on the job, then this would be done all right?—A. Yes, a unit quartermaster is expected to carry out this job as it is laid down here. There are occasions when that is not done, but we have procedures and audits to discover those occasions and to take corrective action to see that it is done properly in the future.

Mr. MACDONNELL: I want to ask a question, Mr. Chairman. I want to read from the resolution and I want to be quite sure how far the information we are to get is going to comply with the resolution. The resolution says, page 83 of the minutes of proceedings of April 29 the resolution of Mr. Applewhaite says:

That pursuant to the terms of reference of this committee evidence be taken from competent witnesses dealing with the administrative procedures laid down by the Department of National Defence for the receipt, stockkeeping, issue and accounting of stores, material and equipment at military camps and establishments, and in particular the steps taken to prevent, discover and eliminate the loss, misuse or wastage of government property of every kind and that the committee thereafter consider what further steps, if any, should be taken.

The CHAIRMAN: That is on page 83 of the minutes of April 29.

Mr. MACDONNELL: Yes. I want to be sure at the next meeting that we are going to get full information, because otherwise this is going to be nothing better than a solemn farce. I have the fullest respect for the statement that was read this morning, but as far as the 40 or 50 men sitting around the table are concerned, we might as well have had Mr. Armstrong read to us the Ten Commandments. On the other hand, if we are going to have a chance to find out what has been done, and while I am confident this is, no doubt, a very well thought out scheme of arranging things, and if everyone followed it we would have no difficulties, but the fact is that not everybody does follow it. I want to know if this resolution of Mr. Applewhaite's means we are going to find out on Thursday the weaknesses which were discovered, despite the fact that the system which looks so good was beaten to the extent to which it has been, and what changes have been made since then. Are we going to get that, because otherwise the 40 or 50 men here are wasting their time, as I predicted they would. On the other hand, if you will bring in this evidence, as asked by Mr. Fulton, and if we are going to have a chance on Thursday to find out, not when everything is lovely but when everybody set out to beat the system.

The CHAIRMAN: Mr. Macdonnell, instead of making a speech, ask questions of the witness. Why don't you ask your question? Ask the witness what steps were taken to prevent and discover and eliminate the loss, misuse or wastage of government property of every kind.

Mr. MACDONNELL: That is what Mr. Fulton has asked, but I do not know if he is going to be allowed to answer it.

Mr. FULTON: Mr. Macdonnell has expressed the sentiments which are in my mind. The answer to the third question indicated to me there was no use asking the questions at this stage.



The CHAIRMAN: Well, keep asking questions and we will have the answers on for you if it is at all procurable.

Mr. FULTON: I will tell you the sort of thing I want. I want to know in how many camps or units those deficiencies due to improprieties have taken place, and if we could assess the efficiency of this procedure by taking the list of names he provides and asking him how long was it before you got word of it and how long was it before you took any action to remedy these. I do not think I should be precluded from asking that.

The CHAIRMAN: You are not precluded from asking those questions, and answers will be provided for you, but I think it a little unreasonable to ask the witness at this moment how many days intervened before you received notice of a shortage in A Camp.

Mr. FULTON: I will tell you what I had in mind. I thought the witness would have with him factual records, as we have in other committees, and particularly the practice followed by the Canadian National Railways, who come up here fully supplied with information. They do \$600 million of business a year, not quite as much as the Department of National Defence, but quite a considerable business. They come armed with suitcases full of information. Usually we get the information we are asking for, because they have people there with the records. It may be that they cannot put their finger on it at once, but within a short time the necessary replies or answers can be given.

Mr. MACDONNELL: That is the way we want the information.

The CHAIRMAN: The witness is anxious to give evidence if he is allowed to. The best way to proceed is to start asking questions instead of making speeches.

Mr. McILRAITH: Mr. Chairman, we have just had the spectacle of Mr. Macdonnell this morning making an emotional speech, but I think the other members of the committee have a right to arrive at their own conclusions. They also have a right to address remarks to the chair without interruption, and that is not a courtesy that belongs peculiarly to Mr. Macdonnell, but it is a right that belongs to all members of the committee with equal share. Mr. Fulton is now demonstrating the way it is not being granted to other members of the committee. Now, this committee has a wide reference. We have had this morning an assistant deputy minister outline the control procedures on stores involving a value running into many hundreds of millions.

Mr. MACDONNELL: Billions, I would say.

Mr. McILRAITH: It may be billions, but certainly hundreds of millions. We started to question and before hon. members had an opportunity to question him, and at an early stage, we have this speech from Mr. Macdonnell, the language of which is on the record. We are told that some 50 members here are wasting their time. I think hon. members will decide themselves whether they are wasting time. We are told this is a solemn farce. The document read this morning is not a solemn farce, as any accountant would readily admit who was concerned with auditing the accounts or attempting to control stores. We are then told after that that we might as well read the Ten Commandments. Well, I am not one who would suggest that maybe we would not be better reading the Ten Commandments occasionally, but I certainly think it is not a proper reference here in committee, and not a type of jocular reference that properly assesses the value of the statement. It is merely a catch phrase that probably has some appeal to the ear. It may or may not. Then the hon. member for Kamloops who started questioning this morning said that the sentiments expressed by the Member for Greenwood were exactly the sentiments in his mind, and he thought the witness would have this information with him.

Mr. MACDONNELL: The information was called for in the resolution, you know.

Mr. McILRAITH: Yes, we will come to the resolution. Then we get a rather nasty implication that the witness will answer these questions if he is allowed to. Except a few questions put on the record by Mr. Fulton, which are there to be answered, there is nothing that the witness has refused to answer at all as yet. That brings me to this point. This committee succeeds one that sat for many years. The question of having the precise information available to be given immediately has always been a difficult one, as members will realize when dealing with any subject as broad as this one is, and I think everyone will admit that this inquiry covers a very broad field. There was a procedure in use whereby members communicated to the chairman in writing the line of questions they proposed to follow at the particular meeting, and that procedure was most helpful. The members seem to have developed the belief that it was the correct procedure, and it certainly did enable the witnesses to come with the precise information being sought. Now, I would like to see some such procedure discussed at an appropriate stage, probably in the steering committee. I do think it is not good enough to make speeches casting reflections on witnesses, and on the committee generally. I am one who feels that in the vast expenditures involved there is need for constant scrutiny on the part of members of parliament, and this committee was set up for that purpose. I believe the committee has a real job to do. I believe that all hon. members serving on the committee want that job to be done well, and I believe we can do it if we just get on in an orderly fashion and question the witnesses in an orderly manner.

Mr. MACDONNELL: Mr. Chairman, can I make one comment on Mr. McIlraith's remarks. I think I made clear that the last thing in the world I was doing was criticizing the witness.

*By Mr. Jones:*

Q. I notice that in England quite extensive use is made of a distinctive mark on government stores. I wonder to what extent do we use a distinctive government mark on stores.

Mr. STICK: The broad arrow.

The WITNESS: That is done here in all cases. Of course, you cannot mark certain things, like coal and so on, but certainly clothing, blankets, crockery and things like that.

*By Mr. Adamson:*

Q. Yes, Mr. Chairman, but there is no way of distinguishing the goods which have been stolen and goods which have been bought in the normal course of trade. For instance, I have a pair of flying boots which have on them the C and a broad arrow, which I bought from the Robert Simpson Company. There is no way of telling whether they have been stolen or bought from the Robert Simpson Company.

I would like to know if you could find the prosecutions which have been made, say within the last five years, because this has been going on for some time, the prosecutions that have been made in the civilian courts, courts martial for either carelessness or theft dealing with the loss of stores or equipment, and if possible, I do not know whether units have a record or whether the depots have a record, the troops who have been crimed either for carelessness or loss of stores.

The CHAIRMAN: Do you mean individual members of the forces?

*By Mr. Adamson:*

Q. The unit commanders would certainly have a record, or there should be a record of the cases which have been brought before them. I do not want the individual details, but I would like the numbers and the brief details of the cases.—A. Can I have some clarification of what you mean by carelessness?

Q. If a work party goes out and they come back, and when they report back there is a shovel lost, that may not be stolen, but there should be trouble because of the loss of that shovel, if the N.C.O. charged it up. The shovel may be stolen or lost in some way, but it is nevertheless the loss of government property through carelessness. There should be, I would think, a record of property lost in that way. I would hope there would be a record.—A. Yes, there would be a record of property lost but I am not certain about how easy it will be to get the information with respect to people crimed, as you call it, but we will look into that. I think you have in mind by carelessness negligence.

Q. Negligence, yes.—A. And by crimed do you mean that they are made to pay for the article or some portion of it, or are brought before—

Q. Brought before the commanding officer and punished. I do not know exactly the details of how that can be arranged, but I would like some co-operation in finding out because, obviously, this looting has gone through a great portion of the services, unfortunately. Therefore, it must be down to unit levels and it must be right through a large part of the services dealing with the handling of stores.

MR. DICKEY: On a point of order, Mr. Chairman. Mr. Adamson has made a general statement that it is apparent that looting has gone right through the services, or something like that. It would be very helpful to this committee if Mr. Adamson has any information which in any way substantiates that statement, that he makes it available so the witnesses can deal with specific cases he has in mind. A general statement like that on the record I do not think is helpful.

*By Mr. Cavers:*

Q. Regarding Mr. Adamson's statement on the flying boots he purchased in the Robert Simpson Company with the government mark on them, I wonder how the Robert Simpson Company got any goods with this mark on them. Would they mark them themselves or would the mark be placed there by the manufacturer?—A. As far as the Robert Simpson Company is concerned, I am surprised to hear that, but there are cases where stores are disposed of through Crown Assets Disposal Corporation where that government mark remains on the stores and they would come into the hands of an individual who purchased them in a legitimate manner and bearing that mark.

Q. Would it not be advisable when such goods are declared surplus to delete the mark from every article before it is sold to the general merchant?—A. I think it would be where it is possible to do that.

*By Mr. Churchill:*

Q. My questions arise out of page 16 of the statement. Under the heading "Write-Off Procedure", particular reference is made there to a sentence which reads as follows:

When the loss is not the result of theft, fraud or arson, the write-off may be approved by specified officers of the forces up to a value of \$2,500. Could we have a five-year summary by areas, by services, showing the write-offs that have been permitted under that particular category? This is my second question.

The CHAIRMAN: Do you understand the question, Mr. Armstrong?

The WITNESS: This is write-offs up to \$250?



Mr. CHURCHILL: No, it says \$2,500 here.

The WITNESS: Oh. Over a five-year period. Well, that statement can be produced, yes, but did you want this only in respect to losses due to fraud or theft?

*By Mr. Churchill:*

Q. It says when the loss is not the result of that.—A. That is right. You appreciate that in any stores operations there are a great many reasons why there will be some write-offs of one sort or another. For example, in issuing clothing the issue voucher may state size 36 and perhaps it is a size 37, that is issued, and these differences are revealed at stocktaking and may be adjusted. There may be write-offs, due to shrinkages and many other reasons.

Q. I am interested in the total.—A. You want the total by areas?

Q. By areas and by services, and the nature of the loss.—A. Now, these records would, to the extent that the write-off authority or power is in the area or command be kept in the area or command. We will have to obtain them from there.

Q. My second question is based on a sentence in the same paragraph, which reads:

If no member of the force or no civilian employee of the department is implicated, specified service officers may authorize write-off of losses up to a maximum of \$250.

I would like similar information with regard to that, if it is obtainable.

The CHAIRMAN: The witness added the words "due to theft or fraud", which made the sentence read, ". . . specified service officers may authorize write-off of losses due to theft or fraud up to a maximum of \$250." Those few words were read into the brief.

Mr. CHURCHILL: Would a court of inquiry not be held in every case? Quoting:

A court of inquiry is held in every case where the loss is suspected to be due to theft or fraud and also where losses are due to fire.

Is a court of inquiry not held where there is a loss irrespective of what the loss is caused by?

The WITNESS: No, sir, it is not held in every case. Every loss is investigated, but certainly a court of inquiry is not held where witnesses are called, and so on, in respect of all losses. As I mentioned before, losses can be caused for many reasons, shrinkage, due to errors in nomenclature. Those are common, and if a satisfactory explanation is available and there is no indication whatsoever of any fraud or theft or arson, then a court of inquiry would not be held. A court of inquiry would be held where it was thought desirable, and in that case it would be held immediately and witnesses would be called and examined.

Mr. LARSON: That type of loss is a bookkeeping error and the goods would probably turn up at some other place?

The WITNESS: Yes, but it is not always possible to know where they would turn up.

*By Mr. Churchill:*

Q. "All other recommendations for write-off of stores must be submitted to the minister for approval." What other recommendations for write-off would occur?—A. All recommendations for write-off involving values in excess of \$2,500, or involving fraud, theft or arson where an employee of the department or a member of the forces is involved, and all write-offs due to theft or fraud in cases of \$250 must be submitted for the minister's approval.

Q. Could we have as a summary a total of the value of the write-offs for any reason for those five years, related to that particular paragraph?—A. Of all write-offs that require approval of the minister?

Q. The total of the whole thing.

*By Mr. Stewart:*

Q. I would like to again revert to this matter of quartermasters, Mr. Chairman. I think everything seems to revolve around that. To whom does a quartermaster report when he has completed that monthly stocktaking and reports formally that all is in order?—A. To the commanding officer.

Q. And a monthly report is given to the commanding officer showing that the actual physical stocktaking has been taken?—A. Yes, that would be the case, he would report to his commanding officer that he has taken it. He records this in a document. There is a record that stocktaking has been taken.

Q. How far, do you know, in practice does the quartermaster delegate his responsibility? Does he actually participate in the stocktaking?—A. Well, he has a staff of course and they would undertake the stocktaking for him. The quartermaster, of course, could carry it out personally. It would depend on the size of the unit, of course.

Q. So that a monthly report is made to the officer commanding that this has been done and everything is normal, in order?—A. Yes, that would be the case.

Q. I would like to turn to page 6 for a moment. I read:

All stores accounts in the navy are subject to periodic inspections by the inspectorate of stores and fleet accounting.

Would you like to enlarge upon that?—A. The inspectorate of stores and fleet accounting is responsible for conducting an audit of the stores in the navy. There is an internal audit system in all of the forces. Each force, in addition to operating the accounting system, itself has a system of inspection and audit. That is, there is an internal audit staff which goes to the units, to the depots and makes an actual audit.

Q. How often would this be done?—A. They normally endeavour to schedule an audit at least once a year. That schedule may or may not be lived up to, but that is the object and in most cases it is done.

Q. Is it a surprise audit in the sense that the inspector comes along on the scene very suddenly without any warning being given?—A. No, it is not a surprise audit in that sense. The units are aware that they are going to be audited.

Q. Would the unit know, say, that on the 3rd day of May their stores are going to be checked?—A. If they were, they would know.

Q. Would it not be better to have it in the nature of a surprise investigation?—A. I doubt if there would be any advantage achieved by that.

Mr. LARSON: There is no cash involved?

The WITNESS: There would be in the pay accounting, but there is not in this.

*By Mr. Stewart:*

Q. I do not think the question of cash comes into it. In my practical experience as a chartered accountant, I found a very great value in surprise audits.—A. In this sort of a business I do not see, offhand, that there would be any great advantage achieved in having this audit conducted on a surprise basis. These men go in and actually count the stock, check vouchers and see that the records are properly kept. I suppose there might be an occasion, but it is hardly likely, when stores are missing that they could be put back into the shelves for the purpose of this audit.

Q. But the audit is conducted in that area at once? There is no chance of substitutions being made in that area?—A. No.

Q. I have one other question. On page 4, you say:

Stocktaking of all stores and inventories are conducted every six months.

Who would conduct the stocktaking there?—A. This stocktaking is conducted by the supply officer himself or his staff. This is your physical count to check against your ledger record.

Q. And in all cases a report is made to the commanding officer that this has been done?—A. A report is made and a signed document is prepared.

Q. So normally there could be no possibility that machinery is working, as I said earlier, so that shortages could extend over a long period of time?—A. No, there is no reason why shortages would not be discovered under this system within a relatively short period of time.

*By Mr. George:*

Q. In the same connection about surprise audits. These teams are all qualified personnel and used to this sort of thing?—A. Yes, they are all trained officers.

Q. So, even if a unit stores might be incorrect they might sense something that was wrong and if these inspectors sense something might be wrong, would they not consider a surprise audit?—A. Certainly, if they sensed something was wrong they would obviously go in and make a complete investigation to assure themselves there was nothing wrong; otherwise, they would not be doing their job.

Q. Even if everything appeared to be correct on the regular inspection?—A. Well, they would check the records of the stocks, and so on. They should be able to establish whether there is something wrong or not as a fact, and if they had any suspicion of anything being wrong, obviously they would establish the fact one way or the other.

Q. What I am driving at is this, that you do not rule out entirely the surprise audit.—A. No, it is not ruled out entirely. All of our chief auditor's audits are surprise audits, but there are no surprise audits conducted by the service auditors, as I said before.

The CHAIRMAN: I will ask the witness one question. In 1951 and 1952 there were some shortages, I assume there were some shortages discovered in some of the camps. Will you tell us what steps were taken to prevent, discover and eliminate the loss and misuse or wastage of government property, in 1951, to date?

Mr. STEWART: Could I add a question to that, Mr. Chairman? How far were these shortages discovered by the chief auditor's branch and how far by the service audits? You could answer that later.

*By Mr. Harkness:*

Q. Mr. Armstrong, is it not a fact that a considerable number of checks on the loss of government stores that you show here are, to a large extent, what we might call theoretical checks, and that in actual practice they have not very much practical effect in preventing these losses. I will take a few examples. The matter that Mr. Stewart brought up first on page 17:

The trucks must have a "load list" of the stores being taken from the depot to present to the gate guards and are subject to search by the guards.

Now, it would not happen once in a hundred times that the guard would make a search, if that often?—A. I could not tell you how often they search, but,



obviously, in any system of this kind one has to choose between having a complete 100 per cent check and having periodic checks or surprise checks. Now, each man or each truck that goes out the gate is subject to check and these guards I am sure check more than once each 100 times. It is not always practicable to check every vehicle or man because it takes time and additional staff to make a complete detailed check in every instance. The matter must be decided on the extent to which it is economical to enlarge your staff to the point where you can be sure, that as far as possible, you have 100 per cent insurance against losses.

Q. The point I am making is that in actual practice that safeguard is of very little effect?—A. I would not agree with you on that. It has a very definite effect.

Q. Now, let us take another example:

Fire orders are posted throughout camps and depots and are published in unit orders.

It has always been so, ever since I have had anything to do with the army, but I was never able to discover that posting the fire orders had any practical effect. Still, as I say, it is one of the things I mention which looks all right on paper, but as far as a practical effect is concerned it is very, very slight.

Mr. STICK: It depends on the unit commander.

Mr. HARKNESS: No, it depends on human nature.

*By Mr. Harkness:*

Q. To take another example, to come back to this unit quartermaster who is required to carry out a monthly stocktaking of all stores on charge. Have you any evidence as to how many units have actually done any?—A. We have evidence of when it is not done. That is, our audit staff as I said before, report to us when these requirements are not being carried out, and when we are told that they are not, then action is taken to correct that. The system works on the basis of laying down the prescribed steps that are to be followed and having an appropriate check to see that they are followed.

Q. When a change in commanding officers takes place in a unit, do you have a change of command board which then takes the stocktaking to ensure the new commanding officer that all the equipment and stores as charged to that unit, and which he has to sign for, are actually there?—A. The commanding officer who has to sign for it, who is accepting the command and to whom the equipment is being transferred, is responsible to see that these stores are there and checked, and if they are not and subsequently a deficiency in any stores is revealed by the audit, or otherwise, he is held responsible.

Q. You still have not answered my question. Do you have a change of command board to give a guarantee to the incoming commanding officer that the stores for which he is going to be responsible are there?—A. This is an obligation of the commanding officer. He is the man who signs the certificates and it is his responsibility to see that those stores are checked.

Q. Yes, but in most cases if he were wise he would not sign the certificate unless he was sure.—A. Yes, but he has his own men to check.

Q. We had a great deal of difficulty over this matter during the year, and eventually, because of the fact that commanding officers were being changed very frequently, the commanding officer would come in and be responsible for all the equipment of the unit, and in practically all cases for the first couple or three years of the war, at least, the stuff was not all there. As a result, these change of command boards were instituted at that time, I think in the second year of the war, which made a complete check on the equipment and stores.—A. They are all on a ledger sheet and inventory sheet, and it is all listed. The commanding officer taking the new site over has available to him those lists.

All he needs to do is to arrange to have them checked to his satisfaction. He then must sign for them, and he is held responsible for them. That is the system.

Q. Then you have no change in command board to ensure that?—A. There is no change in command board. That is the responsibility of the new commanding officer.

Q. I am not talking of a command in the sense of the Northwest Command, I am talking about a board which we had during the war, and which we found we had to have before a commanding officer would take this material over; some commanding officers had bills rendered to them for some thousands of pounds sterling.

The CHAIRMAN: Which were duly cancelled out.

*By Mr. Harkness:*

Q. The only thorough check you got during the war was by that change of command board. These so-called inspections never disclosed the shortages which actually existed. Now, apparently you have not got that system any more?—A. As I say, we do not have these command boards, the commanding officer is responsible to assure himself that the inventory he accepts, and which is listed, is there physically. The Ordnance people themselves carry out a hundred per cent audit of this all the time.

Q. The only people who can check that are the people who were there before.—A. No, he has his own people to check.

Q. Where does he get these people of his own? He has to take over the people who are there.—A. Yes, that is true. When he takes command of a unit, the men who are in the unit are responsible to him. He himself must sign that certificate. Now, in the ordinary course of events when he takes over the unit he makes an inspection himself, but the inventory holder in every case, as I pointed out in this document, is an individual who is responsible for the stores. They are reported as being in his possession and he is responsible for them. All the stores held by the unit are reported on a ledger account and the quartermaster of the unit and the commanding officer are responsible for those stores.

Q. The fact that they are on the ledger account does not mean very much, quite frequently.

The CHAIRMAN: We are not getting anywhere, gentlemen. It is the commanding officer's responsibility if he wants to take it.

Mr. HARKNESS: The point I am coming to and trying to make, is that this change of command boards, which were the only thorough check we got during the war, overseas, always disclosed considerable discrepancies, and the quartermaster people in each unit, the Ordnance inspectors, and so forth, never knew actually what the unit had, and it was only by a process of a board which took two or three weeks, and one I was on took five weeks before we completed the audit, working every day at it. It seems to me that this statement that unit quartermasters shall be required to carry out a monthly stocktaking is an almost impossible thing for them to do and to carry on their duties. I do not think they can do that and carry on their other duties.

Mr. GEORGE: One o'clock.

*By Mr. Harkness:*

Q. I have one more question. On page 16, it reads:

At the close of an audit all matters requiring attention are discussed with the commanding officer and other officers concerned. A written report is forwarded to the assistant deputy minister covering each inspection, and he forwards it to the Chief of Staff concerned with his comments.

Now, I do not suppose you can answer these questions now, but you can bring them in next week. That would be, when was the last inspection of this type made at Petawawa, and, secondly, when was the second last inspection at Petawawa of this kind made, and, thirdly, what was disclosed in regard to theft or material missing in each of these reports.—A. You wish to have information on the dates when each inspection was made and what was disclosed in regard to theft and material missing.

The CHAIRMAN: Mr. Armstrong, we are anxious that you procure answers to questions asked. The information is somewhere in the records, and that is your immediate task to obtain the fullest answers you can.

Mr. HARKNESS: I might point out that this has nothing to do with the present inquiry going on there.

The CHAIRMAN: No one has raised that question but you.

Mr. HARKNESS: I am forestalling any possible raising of it.

While Mr. Macdonnell was absent, he did not hear me asking the question, but I did ask the question, which is in line with the resolution, covering the years 1951 and 1952. If you will indicate what line of questioning you intend to pursue, we will try and have the people here to answer your questions. To date no one has been refused an answer to any questions that he has asked. I think it is a matter that we should recognize.

Mr. FULTON: On that point, I want to say this, that rather than providing a list of questions in advance which might involve the necessity of giving a lot of answers which are of no interest or importance, it is my intention to take from this list incidents which are of major importance and with the record before me, ask as the result of this inquiry what steps did you take to tighten up the procedures, but I felt there was no point in asking Mr. Armstrong for that in every case. That is why I asked him for the list. Your question is exactly in line with the type of question that I intended to ask when I got my initial answer.

The CHAIRMAN: We will probably have both answers before the next meeting.

Mr. DICKEY: It should be pointed out that there is a tremendous volume of questions asked, and it may not be possible to have all the answers here at the next meeting.

The CHAIRMAN: Mr. Armstrong will do the best he can.

Mr. GEORGE: I move we adjourn.

The meeting adjourned.













Canada. Defence Expenditure  
Special Committee on, 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

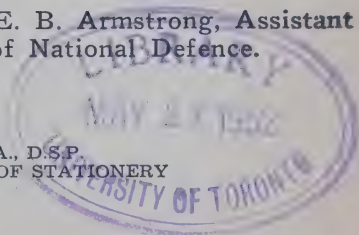
No. 6

THURSDAY, MAY 8, 1952

WITNESSES:

Mr. C. M. Drury, Deputy Minister and Mr. E. B. Armstrong, Assistant  
Deputy Minister (Finance), Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
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#### ERRATUM

Printed minutes of proceedings, No. 4 page 115, line 30 thereof should read, "On motion of Mr. Dickey said report was *adopted*".



## MINUTES AND PROCEEDINGS

THURSDAY, May 8, 1952.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Present:* Messrs. Adamson, Benidickson, Blanchette, Cavers, Churchill, Croll, Dickey, Fulton, George, Harkness, Henderson, James, Jones, Larson, Lesage, Macdonnell (*Greenwood*), McIlraith, Power, Pearkes, Stewart (*Winnipeg North*), Stick, Weaver. (22).

*In attendance:* Messrs. C. M. Drury, E. B. Armstrong, W. R. Wright, Department of National Defence; Mr. R. G. MacNeill, Treasury Board, Department of Finance.

The Committee continued its study on the control of materiel and stores of the Department of National Defence.

Mr. C. M. Drury was called. He filed with the Committee the following documents being answered to questions asked at the previous meeting, namely:

Losses due to theft or fraud, fire and write-offs. Navy—(1950-51 and 1951-52).

Losses due to theft or fraud, fire and write-offs. Army—(1950-51 and 1951-52).

Losses due to theft or fraud, fire and write-offs. Air Force—(1950-51 and 1951-52).

Copies of above documents were distributed forthwith.

Documents filed to date with the Committee were marked as Exhibits A, B, C, and D as follows:

Exhibit A—Canadian Defence Orders—(*filed as No. 1 on April 22 by the Department of Defence Production.*) Copies distributed.

Exhibit B—Losses due to theft, etc.—Navy—1950-51- and 1951-52—(*referred to above and filed this day by the Department of National Defence.*) Copies distributed.

Exhibit C—Losses due to theft, etc.—Army—1950-51 and 1951-52—(*referred to above and filed this day by the Department of National Defence.*) Copies distributed.

Exhibit D—Losses due to theft, etc.—Air Force—1950-51 and 1951-52 (*referred to above and filed this day by the Department of National Defence.*) Copies distributed.

The Chairman and Mr. Dickey voiced the appreciation of the Committee to the Department of National Defence for its diligence in compiling and filing this voluminous information.

Mr. E. B. Armstrong was called and examined.

And a debate arising, it was agreed to defer until the next meeting further detailed questioning of the witnesses on the documents in the order they were filed.

Additional information was asked and the witnesses undertook to provide same.

The Committee then resumed its examination of the witnesses on the control of materiel and stores.

The witnesses being asked to produce the reports of auditors on Petawawa Camp, and a further debate arising thereon, the Chairman ruled the question out of order on the ground that such disclosure would prejudice the investigation now under way on Petawawa Camp.

Mr. Fulton having appealed from this ruling, the question was put on the Chairman's ruling sustained on the following division:

*Yeas:* Messrs. Benidickson, Blanchette, Cavers, Dickey, George, Henderson, James, Larson, Lesage, McIlraith, Power, Stick, Weaver.—13.

*Nays:* Messrs. Adamson, Churchill, Fulton, Harkness, Jones, Macdonnell (*Greenwood*), Pearkes, Stewart (*Winnipeg North*).—8.

The examination of Messrs. Drury and Armstrong still continuing, at 1.05 o'clock p.m., the Committee adjourned until Tuesday, May 13 at 11 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*

NOTE: The name of Mr. Weaver should appear in No. 2 of the printed minutes of proceedings on Thursday, April 24, as being present.

## EVIDENCE

MAY 8, 1952.

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. Mr. Drury will identify the information which is contained in documents which are being filed today. I think the committee would be well advised to follow him closely. Some of the documents contain reports on both fires as well as thefts. There will be a copy available for each one of you.

Mr. MACDONNELL: Is there a copy available for us now?

The CHAIRMAN: Yes, but I think it would be better to listen to him first. Then we will distribute the documents. It will take a few moments but it will be worth while.

Mr. STICK: I think we had better have a copy right now.

The CHAIRMAN: We will have them distributed.

**Mr. C. M. Drury, Deputy Minister of National Defence, called:**

The WITNESS: The first document is headed Royal Canadian Navy, Losses due to Theft or Fraud. In it we have made an endeavour to tabulate in a form not hitherto followed by the department but as required by the committee, general information relating to losses due to theft, fraud, fire and other write-offs. There is set out in this naval document the unit and location where the loss occurred—in cases where members are not clear as to the meaning of abbreviations we will be glad to explain them—the date on which the loss occurred, the date on which it was reported to National Defence Headquarters, a general description or categorization of the stores, the estimated value of the loss, the amount recovered where there has been recovery, and the findings of the investigating authorities. Then there is a final column for remarks. Now, I might say in relation to these documents their compilation required a good deal of work which had to be done in less than 48 hours and we have not had time to edit and set them up in precisely similar forms and make them as presentable to the committee as we would have wished had there been more time. If there are any typographical errors, or other errors, I would hope the committee would permit us to correct these orally as we go along. Reference to the Naval document which sets forth first the losses due to theft or fraud, unfortunately—the pages are not numbered. About halfway through the document we come to losses due to fire in the Royal Canadian Navy, and then about eight sheets from the end we find losses due to other write-offs. This whole document covers the two past fiscal years, 1950-51 and 1951-52. This is all that we were able to do in the time that was available to us, but it has involved quite an effort of compilation and reference back to a great number of files. If the committee wishes to go further back, it will consume a good deal more time. The records of these, four and five years ago are, generally speaking, in dead storage and would have to be brought out.

Mr. ADAMSON: These go back three years?

The WITNESS: No, just for the last two fiscal years, the last two complete fiscal years.



The next item is a similar compilation for the army, headed Department of National Defence Canadian Army, Report of Losses due to Theft and Fraud, Losses due to Fire, and Losses due to other write-offs. This is compiled in the same form.

Mr. BENEDICKSON: Is this for the two years, too?

The WITNESS: Yes, for the same two fiscal years.

A further qualification I should make is that the information in these documents has been compiled from records at National Defence Headquarters in all cases. To some extent the power to write-off is decentralized to senior officers in the various service commands and write-offs within the jurisdiction of officers commanding commands are made, investigated and carried out in that command, and as a result the details of these write-offs are not recorded or kept at National Defence Headquarters. In order to obtain these details for the committee we have had to send out telegrams to the nine army areas, the four air force commands and the two naval commands, and they have not, quite reasonably, had an opportunity in the day and a half at their disposal to collate and send this information in, so that each of these documents before you represents information recorded at National Defence Headquarters not the information relating to write-offs within the powers of officers commanding commands.

Thirdly, there is a similar compilation for the Royal Canadian Air Force. There are three documents, the first, Losses due to Theft or Fraud, the second Losses due to Fire, and thirdly Losses due to Other Write-Offs.

Mr. LESAGE: In connection with this statement about the R.C.A.F., I have one document titled "Losses due to theft and fraud" and two documents which are titled "Other write-offs". I do not see anything about fire losses.

The WITNESS: The "other write-offs" are quite a thick document which have been stapled together, perhaps not too securely, and it may have broken into two.

Mr. STEWART: Mr. Chairman, what is the intention with regard to these documents? I myself would prefer to have some time to read them and come back later with questions rather than attempt anything just now.

The CHAIRMAN: Well, let us have a motion that they be printed as an appendix. Wait a minute, gentlemen. Do you prefer not to have them on the record? It is quite a task to print these.

Mr. MACDONNELL: We have them now ourselves in this form.

The CHAIRMAN: Is that sufficient?

Mr. BENEDICKSON: Surely when we are questioning we can give the details in our questions. We can say with respect to such an item and describe it and that will be on the record and it will save the printing of all this.

Mr. DICKEY: I think that is a very good suggestion, because after all we all have them available and the task involved in printing them, I should think, would be very, very considerable, and unless there is any practical advantage perhaps it would be better if they do not be printed.

The CHAIRMAN: Let us say nothing at all about printing, then.

Mr. FULTON: I would make an alternative suggestion, which I think would be a compromise. The committee has them now and they are on file, and to print them as an appendix to today's proceedings would certainly hold up the printing very considerably. My suggestion would be that they be printed more or less at the leisure of the printing department as and when time permits and be published, perhaps, in a separate volume which might be marked appendix to today's proceedings.

Mr. CAVERS: But that would not save any cost of printing.

Mr. FULTON: Personally I think it is too early to make a firm decision that they should not be printed.

The CHAIRMAN: Let us not make a firm decision at the moment.

Mr. MACDONNELL: Could we have them marked and identified by the chairman as an exhibit, so that there is an official record if the question ever arises?

The CHAIRMAN: That has been done, Mr. Macdonnell.

Mr. DICKEY: I think, on the question of the tabling of these documents, it should be said that it is obvious that these reports represent a tremendous effort on the part of the Department of National Defence, and I think that the appreciation of the committee should be put on record of the job that has been done in getting this information up in this form, which has been presented to us so promptly and, as far as I can see, so completely.

Mr. BENIDICKSON: I could not hear what you said.

Mr. DICKEY: I am congratulating the Department of National Defence in getting the information before us, in the form it is, so quickly.

The CHAIRMAN: Actually, gentlemen, for your information—and you have the three documents here—it took 74 people working 442 hours to compile the air force return alone. I am sure I join with Mr. Dickey in thanking them for being so prompt in bringing down these answers.

Now we have another answer here. Mr. Armstrong, will you come up?

**Mr. E. B. Armstrong, Assistant Deputy Minister (Finance) Department of National Revenue, called:**

Gentlemen, is it the desire at this moment not to proceed immediately to questioning on aspects of these tabulations?

Mr. STEWART: I suggest it be deferred to our next meeting to give us a chance to digest what we have before us. There is a very solid week-end's work before us.

Mr. FULTON: I have one general question so I can understand the form of the reply. Can you tell us, Mr. Drury, under the column headed "date reported to N.D.H.Q." whether that would mean reported to your office or to one of your assistant deputy ministers, or does that mean the time it first arrived to perhaps some officials on the military side of N.D.H.Q.?

Mr. DRURY: The latter.

Mr. FULTON: So we cannot gather from that the time it reached deputy ministerial level?

Mr. DRURY: No, you cannot gather that from it.

Mr. ADAMSON: I would like to ask Mr. Armstrong one general question on which he may wish to make a statement. It has to do with the method of evaluating the losses. What steps or what machinery is there to evaluate losses? How was the figure arrived at? Some would be quite easy. For instance, I see a typewriter, \$75, that would be simple enough, but when you have this large sum detailed to the last cent, what is the general method of evaluating loss—particularly of stores? Do you have certain write-offs, depreciation on an annual basis, or do you take them at cost or how?

The WITNESS: The valuation of the loss—

Mr. STICK: You will have to speak up.

The WITNESS: Under existing procedures stores unaccounted for are valued at the vocabulary price—that is cost. That system was introduced about a year ago. Prior to that time stores were valued at a reduced price if it seemed to be desirable. At the present time they are all valued at the actual cost price of the stores in question.

Mr. ADAMSON: That includes such things as vehicles? I have not looked through this to see if vehicles have been lost but I assume there would be some.

The WITNESS: In this type of list I do not think you will find any vehicles. There is one motorcycle, if I recall correctly, and it is valued at its cost—\$600.

The CHAIRMAN: Please speak up.

Mr. FULTON: May I ask another question? We asked yesterday for the production of courts of inquiry where they exist covering these losses. I should be very interested to read those courts now in the light of some of the losses reported here. May I ask whether you have been able yet to get hold of a substantial number of those courts?

The CHAIRMAN: I could not hear you.

Mr. FULTON: I said at the last sitting I had made a request that courts of inquiries' findings or recommendations at any rate concerning those losses from theft, fraud, and fire, be produced. It would be very interesting to read those now in the light of the tabulation we have here. What is the position in regard to producing those?

The CHAIRMAN: I thought we would wait until such time as questioning commenced to see whether, in the light of the answers, that was necessary. Perhaps in some instances it may not be necessary and you would not want them all. You could perhaps signify particular ones.

Mr. FULTON: Your suggestion is that we might go through this and give you a list of those that we want the courts produced for?

The CHAIRMAN: That is what I had in mind. They could not possibly produce all of those in this short time.

Mr. LESAGE: Do I understand that the member is asking for the courts of inquiry in all those cases?

Mr. FULTON: No, I am asking the position with regard to the production of them—because there was some uncertainty.

The CHAIRMAN: I do not want to be misunderstood. What I had in mind was that at the appropriate time we would ask for certain courts of inquiry rather than ask for them all. For instance, you would say you would like to see a certain five. At that time, if there are any questions to be resolved we will resolve them. We have not reached that point and there is no use anticipating anything.

Mr. FULTON: I will let that stand.

In the returns that we have do the years in question go back as far as to cover the losses about which we have read in the press at the camp at Farnham? Would they be included in these reports?

The WITNESS: These returns cover losses during the last two fiscal years—that is April 1, 1950, to April 1, 1952; but Farnham is not included in that.

The CHAIRMAN: Is that all?

*By Mr. Fulton:*

Q. Then, for the next meeting can we have a similar return covering the losses at Farnham?—A. Yes.

Then there is one particular point which I have noted in looking through the army return. It is that the date when the loss at Petawawa was reported to N.D.H.Q. is not included. I know you made this in a hurry but I just point out



that it would be appreciated if that could be produced at this meeting, or if not at this meeting at the next meeting?—A. There are various dates as noted in the first column and they have not been listed here. There are various dates when losses occurred and when they were reported as well.

Q. With respect to item No. 10, to make the return complete—in my copy at any rate the column headed “date reported to N.D.H.Q.”—and this covers the Petawawa detachment—is blank?

Mr. DRURY: I think the point Mr. Armstrong is making, if I may interject, is that the whole event was not discovered and reported at one time. There were a series of reports made covering different articles. Now, what you have in mind is the first date on which anything was learned at National Defence headquarters?

Mr. FULTON: The first date on which a report of something wrong was received at National Defence headquarters?

Mr. DRURY: In relation to item No. 10. We will get that for you.

The WITNESS: That information will be here and I think we can get it for you a little later in this meeting.

Mr. ADAMSON: Mr. Armstrong, I asked at the last meeting—and I realize the tremendous amount of work that has been done by the department to obtain the great amount of information we have, but I asked for prosecutions, court martials, and other prosecutions or punishments meted out for losses, for carelessness or for other purposes.

Now, just a cursory glance shows that it is an important question, because if you take page 12 of the army one, item No. 17, where there is a loss of \$26,000 at the central ordnance depot, incendiarism was the cause, and conviction obtained.

The CHAIRMAN: What document are you referring to? I do not follow you.

Mr. ADAMSON: The Department of National Defence report—army—for theft, fraud, fire and miscellaneous causes. Item 17 on page 12 under fire.

The CHAIRMAN: There are three separate ones here—just a moment until we find the item.

Mr. ADAMSON: On page 12, item No. 17, Ottawa, Ontario, Central Ordnance Depot. There is incendiarism and conviction obtained, but the board apparently has not yet received the report of the board of inquiry. That is apparently the military board of inquiry.

There is a question where obviously incendiarism has been proved and a conviction obtained; but if you go down to item No. 20 where the cause is a heating lamp too close to the wall—which is a bit of carelessness or a mistake which could quite easily happen—again the board or report has not been received.

I think it would be useful if the committee could have, in cases where wrongdoing has been suspected and proved, the report of the investigating court submitted. I do not want to cause too much work for the department but I think at least the courts martial for incendiarism where it has taken place should be submitted.

Mr. DICKEY: That is exactly what is in this return, as I understand it.

The CHAIRMAN: Gentlemen, from the record it would appear that it is not in the possession of the department yet. They have not yet received the board and that does not seem out of reason. It occurred about the first of February and for some reason or other the board has not reached them. Until they receive it they do not know what the verdict was or what was done with it.

Mr. ADAMSON: I realize that but here we have some cases dating back to the 1st of January. This one took place on the 1st of January, 1952—January, February, April, May—that is nearly five months ago. It would seem that the

board of inquiry should have had time to report in the five months after the fire, where there is apparently a conviction obtained through the civil courts for incendiarism. If that machinery could work surely the board of inquiry could work too.

Mr. LESAGE: Are we going to go on picking up items at random or are we going to follow a rational method of dealing with these matters?

Mr. ADAMSON: I just picked those two items out to ask for general information.

Mr. DICKEY: My point is that the very information Mr. Adamson has asked for is in this return as far as it is now available. The department is going to be put in a little difficult position if we do not get this cleared up. Exactly what has Mr. Adamson in mind?

Mr. MACDONNELL: As I understand it, the point which has been made on these two items is perfectly valid, but Mr. Adamson asked something much broader. He asked for proceedings of courts martial indicating wrongdoing.

Mr. DICKEY: That is what I am getting at.

Mr. MACDONNELL: If we are told there are none of those that is an answer. On the two that have been mentioned the comments you have made are fair, but what we want to know is what about cases where there have been courts martial. We do not want to know the fact that \$3.50 was lost or \$10,000 was lost, what we want to know is why it was lost and an indication of whether there is a soft spot in the organization.

Mr. DICKEY: That is exactly what is in the return. There is the finding of the investigating authority which gives a summary of the facts—as to the origin of the loss, and in various cases the results. Either a conviction obtained or board not received yet.

Mr. MACDONNELL: I am not clear whether Mr. Dickey says we should not ask for any further information beyond what is in this report.

Mr. DICKEY: Not at all.

Mr. HARKNESS: Here is a specific example to clear it up. Under losses by theft and fraud, Item No. 16. This has to do with felled timber at Valcartier camp. The loss was not able to be determined, and the findings of the investigating authority are that a warrant officer failed to exercise proper supervision of timber contracts, and was unable to account for the amount of timber cut. Under "remarks" it states: "Sentenced by court martial."

What Mr. Adamson asked for, as I understand it, is that in a case of that sort the court martial be produced. Is that not what you want?

Mr. DICKEY: For the proceedings of the court martial?

The CHAIRMAN: If that is what someone has in mind, and item No. 16 is an example of it, then perhaps we had better settle the problem now. That was not what I thought was in the mind of Mr. Fulton when he asked that question. I suggested that we allow the matter to stand until we approached this return in an orderly fashion—that at that time anyone who desires further information will make a request and, in the light of that request, we will give it consideration. That I think is the best way to proceed if it is satisfactory.

Mr. LESAGE: May I point out that it is the only procedure. Otherwise we will be lost. That is what I was pointing out a few moments ago when I said we should decide what document we will start with. There is no point in picking out items at random and that is not an orderly procedure.

The CHAIRMAN: Without consulting the agenda committee it is my thought that when proceeding with the documents we will proceed in the order they were filed. There are five filed and we will proceed in that order.

Mr. ADAMSON: On a point of order to clarify it, and I think my point is just, here we have a great deal of evidence of losses—some showing negligence, some showing definite criminality, and I think the committee should have information showing what the department has done to prosecute when there has been criminal negligence or direct theft—either through the civil courts or by the military authorities.

The CHAIRMAN: Mr. Adamson, in fairness to the department in the column "remarks" they indicate what action was taken. That may not be very satisfactory in some cases but it may be in others. Where you feel it is not satisfactory you can ask the witness to elaborate and from there on we will find whatever else you require.

Mr. MACDONNELL: Are you ruling that we are not to see those documents?

The CHAIRMAN: I have not so ruled.

Mr. MACDONNELL: That is the line you are taking.

The CHAIRMAN: I am not taking any line. What document would you like?

Mr. MACDONNELL: Can we have the documents?

The CHAIRMAN: Move for any document at all. What document do you want?

Mr. LESAGE: I have moved that we proceed in an orderly way—item by item.

The CHAIRMAN: I have already indicated how we will proceed at the next meeting after every member has had an opportunity to acquaint himself with what is contained in this voluminous information. Mr. Macdonnell suggests there is some indication that documents are not to be produced here. What document, I would like to know?

Mr. MACDONNELL: Mr. Harkness has mentioned one already.

The CHAIRMAN: Mr. Harkness picked item No. 17—

Mr. FULTON: 16.

The CHAIRMAN: 16. I indicated in an earlier statement that until such time as we know exactly what we want we will allow the matter to stand; but if you want to press it I am prepared to have it dealt with by the committee at the moment.

Mr. ADAMSON: I think to clarify it, here we have a situation apparently where there are losses suspected, arson, and material has been either stolen or negligently lost. Now, there are two things that the department must do. They must tighten up on their security—that is one thing on which we have heard what they are doing; and the other thing is I think the committee should know what they have done to prosecute wrong-doers and what success they have had. I think it is important.

Mr. CAVERS: Doesn't that appear in the report where the findings of the investigating authority are set out and where in some instances persons have been charged and convictions registered.

Mr. ADAMSON: I think the matter is important. I do not want to get into an argument or a row with the committee, but I think it is important because in a great many cases it says: "findings inconclusive" or "findings of board not received" and those are cases of five or six months ago. I think that is the evidence that the committee should have. Possibly it can be done briefly—in a few words.

Mr. DICKEY: My point again is that is exactly what has been done, and if there are any further details required let Mr. Adamson or any other member of the committee ask for the specific case and it can be dealt with; but to



suggest, as I think Mr. Adamson's question has suggested, that there is anything defective or deficient in this particular return I think is not in accordance with the fact; and I do not think it should remain on the record uncontested.

The CHAIRMAN: Just one moment. Mr. Stewart has asked for the floor.

Mr. STEWART: I do not want to impugn your capacity, Mr. Chairman, but we can go about this in one or two ways. We can start either in a seriatum fashion or we can adopt the suggestion I made earlier. Let us mull this over during the week-end and then we shall have our questions ready in a more orderly way. I suggest, following that procedure, we should defer our examination of these details until the next meeting.

The CHAIRMAN: I think it was agreed that the course you suggest should be followed. I indicated that matters will be dealt with when the time comes.

Mr. DICKEY: Navy, army, air force?

The CHAIRMAN: In the order in which they were filed.

Mr. FULTON: There would be no objection to our preparing a list for the next meeting of those items on which we want courts martial, courts of inquiry records and so on produced?

Mr. ADAMSON: That idea is a fair one. I realize—and unfortunately I do disagree with Mr. Dickey—that there is more information which is required than what is—

The CHAIRMAN: Let us not discuss that further. We have agreed on a course of procedure.

Mr. STICK, do you have an observation?

Mr. STICK: These returns were given to us this morning and it would not take very long to do this. Could we have the total losses for theft, fire, and other causes? We have a tremendous number of figures here but we have not got the totals, and I am not going to add them up.

The WITNESS: We will provide that.

Mr. STICK: Could we have the total amount of each—for fire, theft, and what loss was sustained.

Mr. HARKNESS: I asked a couple of questions in connection with this chief auditor's branch—particularly the last two audits made by that branch at Petawawa, and what losses were reported on each one. Is the answer to that question here?

The WITNESS: The dates of the last two audits made by the chief auditor on Petawawa camp are as follows: Number 4 Area Ordnance Sub Depot, Royal Canadian Ordnance Corps, audit completed July, 1951. Second last audit made of Number 3 Stores and Equipment Depot, Royal Canadian Engineers and No. 3 Works Company, Royal Canadian Engineers, audit completed Jun, 1951. Those are the last two audits completed at the camp.

The CHAIRMAN: The question as I have it here is this: What are the dates of the last and the second last audits of the chief auditor at Petawawa camp—and you have the answer.

*By Mr. Harkness:*

Q. I would like to know the answer to that? Apparently those audits are made of particular units and not of the camp as a whole?—A. They are a number of self-accounting units at Petawawa camp and they are audited individually. Those audits I have given you are the last two audits of units at Petawawa camp.

Q. In other words you audited this ordnance depot in July 1951 and you audited the engineers stores and equipment depot in June of 1951?—A. Yes, that was a combined audit of two self-accounting units—the stores equipment depot and the works company. They are each self-accounting and we combined them in answering your question, because the audit took place in that way.

Q. What about the general camp itself? Has it been audited at all?—A. The self-accounting units there are audited from time to time. I have with me a list of the audits and the dates of the audits that have been made of other units at Petawawa camp. There are quite a number—probably ten or eleven audits.

The CHAIRMAN: Let us have them for the record.

The WITNESS: Stores and Engineer Depot, and No. 3 Works Company, on the 29th of May, 1951.

*By Mr. Harkness:*

Q. May what?—A. May, 1951.

Q. The same people you audited in June? You audited them in May and audited them in June?—A. I am sorry—that is the same audit. I have written in that those are combined. I will correct that.

Mr. LESAGE: I suggest that this be the last time we sit in this room. We just cannot follow a word.

The WITNESS: I will try to speak louder. The other audits are:

Area Ordnance Spare Parts Depot, R.C.O.C., on June 18, 1951; 1st Battalion R.C.R.'s on June 5, 1951; 1st Armoured Regiment on May 12, 1950; R.C.A.S.C. Supply Depot, May 12, 1950; No. 23 Composite Brigade Group Workshop, May 6, 1950; No. 23, Composite Brigade Group Workshop, 23 May, 1949; No. 209 Workshop, R.C.E.M.E. May 6, 1950 and May 21, 1949; No. 35 Ordnance Area Depot May 21, 1949; No. 3 Company R.C.A.S.C. June 3, 1949; No. 3 Supply and Engineering Depot, R.C.E., June 2, 1949.

Mr. BENIDICKSON: I have not been able to hear very much but are those audits as described at the bottom of page 15 of the sheet given at the last session—the chief auditor's branch audit?

The WITNESS: Those are the audits of the chief auditor's branch. I should add that all of the units I have listed here would not necessarily now be located at Petawawa. They may have moved.

Mr. HARKNESS: Well, what are the reports of the losses in any of those audits?

Mr. DICKEY: Well, Mr. Chairman—

Mr. HARKNESS: That is what I asked for.

The CHAIRMAN: I know you asked the question.

Mr. HARKNESS: Yes.

The CHAIRMAN: I realize that you asked the question and the question was: What was disclosed in regard to the theft or material missing—and I merely point out to you that is a matter before the courts at the present time. You have to give that some consideration. What way it may affect the prosecution or defence and in what way it may affect the liberty of the people that were charged. Let us have some views on that?

Mr. HARKNESS: I do not see that the reports which are essentially reports of materials missing or stores missing are going to affect the present investigation that is going on or the position of the people charged in any way.

Mr. DICKEY: Mr. Chairman, as I understand it, these audits by the chief auditor or the chief auditor's branch are conducted from National Defence headquarters in order to enable headquarters to have an independent and

complete check of the procedures that are being followed at units in various camps and establishments throughout the three services. I think it is obvious that those reports must be on a confidential basis.

So far as any audits that have been recently held in Petawawa are concerned, it seems to me their findings with respect to the losses and shortages and that sort of thing will fall into two categories: First, losses and shortages which have resulted already in prosecutions of people who are felt to have been criminally responsible or connected with such losses and shortages; and second, losses and shortages which are the subject of continuing investigation in order to determine whether it is possible to fix criminal or other responsibility and to found proper proceedings on that responsibility. It seems to me that if this committee requires publication of the details of those losses or shortages—if any such exist—in the first instance—that is those that are actually now under investigation—that we would be certainly running the risk of in some way prejudicing the proceedings that are actually in progress.

As far as the second category is concerned I think it is even more important. I think that publicity now, through this committee, would obviously prejudice investigations which are proceeding at the present time; and might very easily render it impossible to obtain necessary evidence which is not now available or which is not complete, which would really seriously hamper the investigations. I think the whole purpose of this committee is to try and ensure that any matters of this kind are thoroughly and competently investigated and investigated in a way which will bring about the kind of results that we want. I feel very strongly, for the present at least, that quite apart from any confidential nature these auditors' reports may have in themselves, from the practical point of view or from the point of view of the objectives we want to achieve, that we should consider, very, very carefully before we make any move to either prejudice actual court proceedings that are in progress or investigations that might, if everything goes well, result in proceedings.

Mr. STEWART: I disagree completely with that attitude. An auditor's report is not a confidential document. If, due to the fact that the auditors come under the deputy minister's office, they are to be regarded as confidential, then the sooner we get those auditors switched over to the Auditor General of Canada the better; and that is the suggestion which I will make later. I do not think that an auditor should be attached to the department if the report is not available.

Furthermore, if I understood Mr. Harkness correctly, he asked for reports in so far as loss is concerned and the auditor's report is a factual statement. We are told there is some \$50,000 not accounted for and we asked for details of the auditors' reports, and I think it is a question which is perfectly in order and an answer should be given.

Mr. LARSON: We have either got to take the position that we are carrying on a parallel investigation along with the investigations going on, or else we have to see the investigation is properly completed. I for one, if I were in that auditor's department, would consider in the present state of affairs that any report or any working papers I had would be interim reports and would not be final reports on the investigation.

I feel when the time comes, when the report is completed and the investigations are completed and the losses are assessed, then if this committee feels it should rehash the reports to see if the investigation is properly carried out, that is the time to do it. I do not think that this is the time to try to initiate a parallel investigation.

Mr. FULTON: May I dispose of that in a question to Mr. Armstrong. Those are surely completed audits—the audits you have given are completed audits so there is no question that they are part of a continuing investigation into irregularities.



Mr. HARKNESS: Nothing I suggested—

The CHAIRMAN: Permit Mr. Fulton to finish.

*By Mr. Fulton:*

Q. You stated they were completed audits. Take the ones back in 1949 and 1950. There is no suggestion they are continuing investigations into irregularities—which would parallel the investigations now going on?—A. The audit, I might say, in the ordinary course of events, is not expected to produce detailed evidence that would result from an investigation into shortages. These are test audits in which the auditor observes on deficiencies in accounting arrangements, in the way that the accounting system is applied in the particular unit or camp.

He makes, as I pointed out in the memorandum I read at the last meeting, spot checks on stocks, and, on occasions, he finds deficiencies. Those are reported immediately to the commanding officer. They are reported when his audit is complete through myself to the chief of staff, who then passes that report on with his commands and areas to have the matter investigated. The investigation would normally follow on the basis of some deficiency, some inadequacy or some possibility of there being a shortage or a loss reported by the auditor. The auditor would not himself make a detailed investigation of that type of thing.

Q. So that the position surely is those were routine audits and do not form part of the investigation—using the word “investigation” in the sense which Mr. Larson has used it and in the sense which Mr. Dickey had previously used it? Is that correct?—A. Those are routine audits and the information that is produced in them would—

Q. May or may not have—

Mr. LESAGE: Let the witness answer.

The WITNESS: May have a bearing on the subsequent inquiry.

Mr. FULTON: I think the question could have been answered “yes” or “no”.

Mr. LESAGE: The witness can answer any way he likes.

Mr. HARKNESS: Mr. Chairman—

The CHAIRMAN: Are you finished, Mr. Larson?

Mr. LARSON: In the working papers—

Mr. FULTON: It has been pointed out that the witness did not finish the answer to my last question.

The CHAIRMAN: I think he finished it while you two were doing a bit of arguing, but let him finish it now.

The WITNESS: I said those audits are a routine type of audit. What is disclosed in the audit may have some bearing on an investigation that is still proceeding.

Mr. DICKEY: Would it be correct to say, Mr. Armstrong, that it might form the basis of an investigation?

The WITNESS: The audit itself?

Mr. CAVERS: Mr. Chairman, in view of the proceedings that are pending, Crown counsel has been appointed, and it might seriously jeopardize his position if we were to make public information on those audits which might be of great comfort to defence counsel in the case.

Mr. STEWART: May I ask a question?

The CHAIRMAN: Well, just a moment, Mr. Harkness has the floor.

Mr. HARKNESS: The objection which Mr. Dickey and Mr. Larson have raised to begin with is that what I have asked for is in the nature of an investigation. It is not in the nature of an investigation whatever. It bears no relationship

to the investigation. I merely asked for a report of the losses shown in this particular auditor's report. As far as I can see that has absolutely nothing to do with an investigation.

As Mr. Dickey said and as the witness said, losses which were reported may serve or may have served as a basis for the investigation going on at the present time, but the fact that we get a report here of what those losses were does not, so far as I can see, in any way prejudice that investigation. I do not see any possible way that it could prejudice that investigation being carried on efficiently. I do not see how it could prejudice persons who are presently in custody.

Mr. LESAGE: I cannot agree with Mr. Harkness. I have acted as a Crown prosecutor for a number of years in my province, and I am sure I would not have liked the defence or the public to know in advance what my evidence would be. That would jeopardize not only the Crown but also the freedom of the individual who had to defend himself.

If those reports of losses are the basis of an investigation we should not try to have them. We know well that the Conservatives are going to try to make an investigation of their own. They are looking for scandals where there are no scandals.

Mr. FULTON: On a point of order, Mr. Chairman, the Conservatives are trying to carry on in this committee an investigation into the accounting procedures, the purpose for which the committee was formed, but which the Liberals are trying to thwart at every turn. For Mr. Lesage to make a ridiculous statement like that—

The CHAIRMAN: You make take exception to Mr. Lesage's statement but the chair takes exception to the statement that you have made because there is no basis for such a statement.

Mr. FULTON: Mr. Lesage's whole comment was the basis for the statement.

The CHAIRMAN: Well, Mr. Fulton, you have had your opportunity and you can have another one in a moment. Let him make his statement.

Mr. LESAGE: I am convinced, through the usual experience of people who have been engaged in investigations and trials, that whenever something is the basis of an investigation it should be kept for the investigator; and especially in a case like this when we know that any documents and any audits that come before this committee will be the basis of a cry by the Conservatives not only for an investigation, but they will try to make scandals of those.

If we want justice done for the taxpayers, for the taxpayers and for the people who might be involved, we should be very careful I believe, Mr. Chairman, and we should vote down the motion made by Mr. Harkness.

The CHAIRMAN: We have no motion. Mr. Stewart has the floor.

*By Mr. Stewart:*

Q. I would like to ask the witness were those audits, when reported, statements of fact or statements of opinion?—A. Mr. Stewart, they contain both. They contain statements of fact as to the tests that are made in regard to the stores that are there and in relation to the accounting records. The auditor also is expected to report on the general condition of the warehousing in the camp; on the storage facilities; on the firefighting equipment; and on the security arrangements. He is expected to suggest or express opinions on improvements that might be made. These auditors' reports are not limited to questions of fact. The auditor is an advisor in respect of those matters that I have mentioned, and to that extent he is expressing his opinion in regard to them.

Q. You have read those auditors' reports?—A. I have not read all of them.

Q. I was going to ask you then if in your opinion there was anything in those reports which impinged on anything which is now happening in Petawawa?

The CHAIRMAN: He should not be asked to answer that.

Mr. HARKNESS: I would just like to say a word. I take serious objection to the statement which Mr. Lesage has made. He is placing this whole inquiry really on the basis of political manoeuvre.

Mr. LESAGE: No.

Mr. HARKNESS: He has adopted the position that the reason we have asked these questions is because we think there is going to be some political advantage out of it, and so forth. That is absolutely false; absolutely wrong; and I think actually that Mr. Lesage should withdraw that statement.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: Mr. Harkness.

Mr. HARKNESS: Just let me finish. If we are going to have this committee conducted on the basis really of Mr. Lesage's attitude we are never going to get anywhere on the thing and it is a complete waste of time.

The CHAIRMAN: A suggestion that an opposition member is playing politics is not unparliamentary here or in the House of Commons.

Mr. FULTON: Indeed it is not, but the tactics used in this committee are the same as those which have been used in the Agriculture Committee; and whenever an opposition member asks a question where there is danger of embarrassing the government the committee moves that it is not part of the investigation.

The CHAIRMAN: You now give a first class example of how political a member may be.

Mr. FULTON: Unless I am out of order I think I have the floor. If any allegation of playing politics is justified the allegation should be directed against Mr. Lesage and those who would attempt to choke off this discussion at this stage.

The CHAIRMAN: Mr. Fulton, of course, is completely out of order and you will have—now, gentlemen—

Mr. FULTON: It would be interesting to know why my remarks are out of order if the remarks by Mr. Lesage are not out of order.

Mr. McILRAITH: Could we get to the situation where the chairman can address members of the committee without being interrupted?

The CHAIRMAN: The question before us now is the question asked by Mr. Harkness: What was disclosed in regard to thefts or materials missing at Petawawa?

Mr. Harkness has already been given an answer with respect to the audits. Some objection has been taken in the committee—

Mr. HARKNESS: Just the dates of the audits.

The CHAIRMAN: The dates of the audits, and some objection has been taken by members of the committee with respect to answering the question in that it will affect or it may prejudice the prosecution or the defence—

Mr. BENIDICKSON: And parallel the current inquiry.

Mr. MACDONNELL: Before you are through on this I want to say a word.

The CHAIRMAN: Well you better say it now.

Mr. MACDONNELL: I would like to read the resolution or the terms under which we are here.

The CHAIRMAN: What page, Mr. Macdonnell?



Mr. MACDONNELL: You will remember that we asked to be allowed to have certain information discussed here and that was turned down. I will read the resolution:

That pursuant to the terms of reference of this committee evidence be taken from competent witnesses dealing with the administrative procedures . . ." and so on, "and in particular steps taken to prevent, discover and eliminate loss, misuse, or wastage of government property of every kind; and that the committee thereafter consider what further steps if any should be taken.

Mr. Chairman, the result will be that the majority of this committee decided this course was going to be adopted and we turned aside from the detailed inquiry we were making.

I like to think that I am a moderate man, and I hope you think so too, but I find this very hard to take. It seems to me that what I said the other day is true. We are allowed to investigate everything except that which needs to be investigated.

What possible advance are we going to make by going through details—and mind you I give full credit to the department which has worked so hard to produce them and they will be useful for the record—but without assuming there is anything wrong, without assuming there is anything negligent, it is a waste of time for every one in this committee if we are just going to go through a lot of things prepared by the department. As soon as we get some evidence or get close to the evidence questions are at once raised.

What you are doing, whether you intend it or not, is that you are pulling down an iron curtain in front of the evidence. I wonder why? Maybe it will show there is nothing there at all, maybe it will show no irregularity, no looseness or inefficiency; but here we run into a situation where the audit system which was expounded to us the other day has apparently broken down. We do not know how and we are not allowed to find out. You close us off at once. I never saw such an iron curtain and I cannot understand why we sit here wasting time.

Mr. JAMES: In listening to the Conservatives' statements I wonder just what they want. Is it a statement of the accumulated losses that have accrued at Petawawa camp? Is it the detail broken down, or what is it.

The CHAIRMAN: Mr. James, the question is: What was disclosed in regard to thefts or material missing in Petawawa as the result of the audits?

Mr. JAMES: As a result of which?

The CHAIRMAN: The audits made by the department.

Mr. JAMES: Recently, or over a period of time?

The CHAIRMAN: The last two audits.

Is there any further discussion?

Mr. ADAMSON: Surely—I would like to say—

Mr. LARSON: I think we should go back to item No. 10. Those discoveries were made at various times.

The CHAIRMAN: Mr. Larson, we were not going to deal with that until the next meeting.

Mr. LARSON: May I read a few words? "Not yet finalized—" and the witness has answered quite properly that test checks were made and certain deficiencies found. I do not feel that test checks can be considered complete reports of losses.

The CHAIRMAN: Gentlemen, I wish this committee would give consideration to the point that I raised, and I think Mr. Lesage and Mr. Dickey followed.

It is not so much a question of the auditor's report but the matter of criminal prosecution that are now proceeding in Petawawa—that was the objection that I took. Furthermore, let me say to Mr. Macdonnell who talks about an iron curtain, that I am told there are 50 camps in Canada similar to Petawawa and that prosecutions are going on in Petawawa alone. We have not had a question asked about any of the other 50 camps—as to reports on shortages.

Mr. MACDONNELL: I will ask you one if you like—what about Long Point?

The CHAIRMAN: Ask the question but, just a moment, and let me finish. I did not interrupt you. This haranguing about an iron curtain coming down and that we might as well go home does not bring us any results.

The purpose of this request was to obtain information of thefts or materials missing in Petawawa. I have repeatedly stated, and I stated earlier, in view of the investigations now proceeding at Petawawa, criminal prosecutions—and there may be others still who may be charged—it would seem a better course not to deal with Petawawa at this particular time; but there is no reason why other requests cannot be made.

I think that ought to appeal to the committee as being a sensible suggestion—that we leave Petawawa alone until the prosecutions are finished. I do not know how long it will take but I understand the preliminary hearing will take place next Friday, that perhaps there may even be pleas of guilty—although I have no knowledge of that—but it might come to an end quickly. In that event we can proceed with Petawawa; but while those prosecutions are proceeding it seems to me that it would be dangerous to the people charged and to the prosecution to deal with Petawawa.

Mr. FULTON: May I say a few words?

Mr. LESAGE: Speak louder.

Mr. FULTON: If I speak loudly I am accused of not being calm and dispassionate; but I will endeavour to speak so all can hear and yet remain calm and dispassionate. To deal with the last point, the committee has just recently decided we should not take the returns produced today and ask any questions with regard to particular information disclosed therein. It seems the committee has come to the conclusion that the proper thing is to decide which of those particular camps it is desired to pursue the line of questioning about. One I am particularly interested in is the camp at Farnham and we have to wait until we get the information which will put us in a position to ask questions.

So, Mr. Chairman, your point to Mr. Macdonnell that we are not asking questions about any other camp was not altogether proper—and the statement that we are asking only about Petawawa does not hold water.

In connection with your answer to Mr. Harkness's question, these are not questions arising out of the return tabled this morning. He is merely pursuing the line of questioning started at the last sitting. I do not see how it can be held that answers to those questions—as to the losses disclosed by the audits which, according to the witnesses have been made over a period of two years, would prejudice criminal prosecutions now pending—

Mr. LESAGE: Have you ever practised—

Mr. FULTON: I have been in police courts the same as you have.

The CHAIRMAN: We have to bring finality to this.

Mr. LESAGE: Mr. Power asks "as what"?

Mr. FULTON: —for the reason that these prosecutions have only recently been instituted—the large full scale departmental investigations—according to the information we have now.

Mr. DICKEY: The audit—not the investigation.

Mr. FULTON: No, the full scale detailed investigation which is going on under the authority of the minister by Mr. Currie, and the investigation by the R.C.M.P. which has recently been instituted are only on recent occurrences. As I say, the audit here covers a period of two years and it certainly appears on the face of it that until quite recently it was not decided that matters were of sufficient importance to warrant this investigation.

Surely what we are trying to establish in this committee is whether or not the necessary steps have been taken over the years to examine and where necessary to tighten up on the security precautions, the precautions with regard to the safeguarding of property.

I think it would be very interesting to the committee and very helpful to everyone if we could know what losses if any were disclosed as a result of these particular audits. If large loss was disclosed back as far as two years ago then that would, I think, have a bearing on the conclusion. If we could know what that loss was we could then pursue it, ask questions, see what steps were taken after that to adequately tighten up on security precautions at Petawawa. That is the kind of inquiry we are after.

The CHAIRMAN: I realize that and it is exactly the point.

Now, Mr. Harkness, in view of the discussion and the facts as you know them—and you know them as well as we do—do you want to proceed at this time?

Mr. HARKNESS: Yes I do. I do not think, Mr. Chairman, that we can get anywhere with these various procedures which were outlined in the brief we got yesterday unless we can go into specific cases.

Mr. BENIDICKSON: And 49 others.

Mr. HARKNESS: As I said a moment ago and on previous occasions it is impossible to operate in a vacuum. You have got to bring these items down to something specific.

As far as the central audit is concerned, I brought it down to Petawawa because we have heard from the newspapers and so forth that there have been discrepancies there. What I am trying to get at and to base my questions on is this. Did the safeguarding procedures of the central audit disclose those deficiencies?

The CHAIRMAN: Let us not get into another discussion. Everyone who has wanted to do so has had an opportunity to speak.

Mr. STICK: I do not think so.

The CHAIRMAN: If there is anyone who wants to say something on this point let us hear him now.

Mr. STICK: My position is this. We have been here at the last couple of meetings going into the audit system and the point is reached, as I see it, where the question is: How effective is the auditing system.

I think questioning along that line would be in order. I have nothing against the auditing system but I think the evidence here is that audits took place at a certain time. How can we check the effectiveness of that system if we cannot ask questions about the results of the audits. I do not want to know details and I do not want to prejudice any case; but if the auditors have reported shortages and action has not been taken, or if it has been taken we should know. Otherwise, we cannot check the effectiveness of the audit.

The CHAIRMAN: The point made, Mr. Stick, was—and I thought I made it very clear to the committee—that there was no desire to stop you from pursuing that course of questioning in any camp with the exception of the camp where prosecutions are now proceeding as a result of shortages.



Mr. STICK: I have no camp in mind. I am just taking it on the general audit system and I am speaking about questions on the general audit system whereby we can check the effectiveness or otherwise of the system. That, I think, is in order. Petawawa, as far as I am concerned, is out until the investigation or the inquiry is all through.

The CHAIRMAN: That is the point.

Now, is there anything further?

Mr. DICKEY: Yes. I would just like to make the point that the committee now has before it the very detailed information presented by the Department of National Defence in the returns filed this morning, covering as I understand it, all the thefts and shortages and all fires and all information of that nature for the fiscal years 1950-51 and 1951-52.

Now, in the details provided by the Department of National Defence are the dates of the losses, the dates of the reports, the general description of the stores involved, the value of recovery if any, views of the investigating authority, and remarks—which remarks cover disciplinary or other action which has been taken with respect to those individual items.

Now, as I understand it, those items cover in a factual way the shortages or thefts if any disclosed at Petawawa, at Valcartier and all camps and installations concerned. Now, when Mr. Harkness, Mr. Fulton and Mr. Macdonnell speak about throttling the committee they are completely forgetting that factual information is before them, in their hands.

They want something additional. They want something in addition to the very full detailed information that has already been presented to them. What is it that they want? I presume, from what I have heard this morning, they want reports of these particular audits in the camp at Petawawa.

Mr. MACDONNELL: Courts martial too.

Mr. DICKEY: I think it is absolutely unfair that any information in addition to the information and the very full information already in their hands be given. That would be prejudicial and I would not agree to its being put before the committee.

The CHAIRMAN: This discussion has to come to an end sometime.

Mr. HARKNESS: Just one thing.

On the basis of what you said a while ago, that it was quite all right to go to any other camp but this one because there was an investigation proceeding, in looking through these things I see that in a very considerable number of these it shows that investigations are still proceeding. Surely the same ruling would apply to those—in other words there would not be any one of those that you would be prepared to let us have the audit returns or anything else of any value.

The CHAIRMAN: Mr. Harkness, that is a very unfair statement and it does not help the case any by you making the statement that I would not let you have this or that information.

I made it very clear that in all the sittings we have held up to the present time this is the first time any information has not been given to you as requested. Now the questions are: "What are the dates of the last and the second last audits of the chief auditor at Petawawa Camp?" The answer was given. The second question is: "What was disclosed with regard to the thefts and material missing?"—and I add the words "at Petawawa Camp"?

Mr. HARKNESS: As a result of those audits?

The CHAIRMAN: "As a result of those audits", I rule that it is not a proper question at this time. Let us get on from there.

Mr. STEWART: I would like to ask the witness a question.

The CHAIRMAN: Very well, go ahead.

Mr. FULTON: May we have a polled vote, Mr. Chairman?

The CHAIRMAN: Yes, you may have a polled vote. Gentlemen, you have heard the ruling made. All those in favour of sustaining the ruling will say "aye", and those contrary minded will say "nay". The clerk will call the names.

(At this point a recorded vote was taken)

(See *Minutes of Proceedings*)

The chairman's ruling has been sustained. Mr. Stewart, you have some questions?

Mr. STEWART: I would like the witness to tell the committee if this chief auditor's branch which was set up in March 1948 was set up as a matter of departmental or government policy. In other words, did the department decide to set up this branch to be responsible for checking?

Mr. DRURY: That perhaps might better be asked of me. I am sorry that I cannot give an answer from my own recollection. This branch was inaugurated before I arrived, and long before Mr. Armstrong arrived. But I can perhaps get the answer.

I am told that the War Expenditures Committee, under the chairmanship of Judge Thorson, recommended in 1941 that a civilian audit organization be set up in the Department of National Defence. Therefore it was in consequence of that recommendation that it was done.

Mr. STEWART: It is a departmental branch really, and it has not got anything to do with the Auditor-General, then?

Mr. DRURY: When one says "anything to do" that is quite a broad statement. It is not under the jurisdiction of the Auditor-General.

Mr. STEWART: Has he any control over it whatsoever?

Mr. DRURY: He has no control, although, quite naturally, the Chief Auditor and his colleagues work closely with the Auditor-General.

Mr. STEWART: But any reports which are made by the chief auditor are made to the deputy minister and not to the auditor-general?

Mr. DRURY: That is correct.

Mr. STEWART: My next question is: When this outbreak at Petawawa at least became known to the department, what did the department do with respect to other camps throughout the country? Were immediate checks made on stores in those areas?

The WITNESS: As I pointed out in the memorandum which I read to you at the last meeting, checks are made on stores held at the units. As far as the engineers' stores are concerned, this system, that is the one which I described in my paper at the last meeting, was introduced in 1949. Prior to that time the stores were not held on ledger charge. They had to be brought on to ledger charge under the new system. That has taken a considerable period of time. During the present time and over the last two years, when this new system has been introduced, there has been constant effort on the part of the engineer corps to establish the system effectively. And during those years, as you know, there has been a very large expansion in the work of the engineers. As a result, the implementation of the new system has been somewhat delayed in reaching 100 per cent efficiency.

Instructions were issued within the last two months, that wherever stores had not been counted and brought on charge in the engineer camps that it was to be done forthwith, and that is proceeding at the present time.

*By Mr. Stewart:*

Q. So that this check might perhaps account for the fact that almost every week in the newspapers for the last two or three weeks we have been given some story about a shortage in one camp or another. I presume the checking is really on now, and that an investigation is being made thoroughly to find out if there are shortages in other camps. Is that right?—A. I do not think that this special effort to get engineer stores on charge would have any relation to the reports in the papers, whatever they may be.

Q. Would you say that these thefts we hear of in other camps are sporadic outbreaks, or are they something which have been discovered because of what happened in Petawawa, and that it is the intention of the department to tighten up?—A. Well, I cannot say without referring specifically to the cases you have in mind. You have in the list which was put before you, the thefts that have occurred during the last two years.

The CHAIRMAN: Perhaps Mr. Stewart has in mind a recent newspaper report about some thefts at Gordon Head.

Mr. DICKEY: Well, Mr. Chairman, he made it much more general than that. He said sporadic outbreaks.

*By Mr. Stewart:*

Q. I am told by the witness there are continuous checks. I maintain there cannot be continuous or regular checks if there are shortages of the nature such as we have heard about. A continuous check cannot avert shortages—I know that but it can cut down the shortages and what we are trying to do is to find out how we can tighten up the system. That is the whole intention behind my question.

Now, where you have first class shortages, in other words, what steps have been taken to correct this situation which prevails? For instance, has the advisability been considered of a general re-posting of those responsible for stores in various areas so that the new men coming in would insist: "I want a check made before I take over" or is there a better method?—A. When stores are lost and the reasons determined, if it is something that can be corrected and prevented in future action is taken to that end. The loss may be due to lack of adequate security. If we can correct it and it is reasonable to do so, that is, if the cost of preventing the scale of losses that may have occurred is not greater than the amount likely to be involved in the losses themselves, then, of course, corrective action would be taken.

Now, as to posting, that is a matter, of course, for the A.G. to determine and if he felt that that would be useful, I am sure that he would take action on it. I cannot give you any specific examples at the present time.

Q. What I would like to get at is this. I do not know if Mr. Armstrong is the right witness to ask but I would like to know if there is a better way of ensuring that things are better than a complete reshuffling throughout Canada of those responsible for stores in the past so that the new man who takes over is going to take very good care that the stores are there before he signs his name to it. Is that a proper way of working or is there a better method?—A. In fact, Mr. Stewart, I think one of the difficulties in handling stores in the services is the problem of getting and retaining qualified staffs on the job. These men are posted, as you know now, in the course of their army careers every three years or approximately every three years, and in terms of accounting for the stores on the whole the less movement would be desirable but the advantage would not lie there in terms of producing effective and efficient officers for the armed forces.

Q. I am not suggesting that this be done every six months. What I was thinking of was one grand movement, whether that would re-assure the minds



of many of us or whether there was a better way of straightening it out. After all, we are trying to find some means of making this system which is pretty comprehensive as fool proof as possible. You cannot avoid it sometimes. What you want to safeguard against is that human breakdown and that I think is what we are trying to find out.

The CHAIRMAN: Mr. Stewart, you are an auditor with considerable experience. Follow that line of questioning and see if we can reach a point where there is a breakdown.

*By Mr. Macdonnell:*

Q. Could I interject one question at this time? Did the occurrence at Petawawa last year suggest to you any improvement in your audit system of any kind?—A. I think, as I said before as a result of the audit investigation at Petawawa—the one I mentioned in 1951—a special investigation was ordered and it provided—

The CHAIRMAN: That was not his question. Was that your question?

Mr. MACDONNELL: Not exactly.

*By Mr. Macdonnell:*

Q. My question was, did the reports of shortages at Petawawa after your audit, did they suggest any improvements to you in the method of carrying out your audit when you found those unexpected thefts?—A. Yes, they did, not improvements in the system that has been established for the control of engineering stores but they disclosed, as they are expected to disclose, the places where that system is not being applied effectively and action was taken then to have it corrected.

*By Mr. Stewart:*

Q. Are you satisfied now that the quartermasters are doing what they are supposed to do throughout Canada and that is to carry out monthly stock taking of all stores on charge?—A. Where that is not done is reported to us.

Q. But are you satisfied it is being done? There is the whole protection you have, surely. These unit quartermasters are required to carry out a monthly stock taking of all stores on charge. If that is done then I maintain there could be no great shortages. Now, how do you ensure that is done?

Mr. HARKNESS: As I pointed out yesterday it is impossible to be done.

*By the Chairman:*

Q. Let us follow up that question. Mr. Stewart asked a question. You have the question?—A. I have the question. I am satisfied it is being done in most cases. There are places where it is not being done. As I say, when that happens we take steps to see that it is done. We are also satisfied that the amount of loss generally in total across the board in these depots is not out of line.

Q. Out of line with what?—A. Out of line with the sort of losses that occur in other establishments holding stores. Our accounting people have checked the ratio of losses in some of the larger firms and have found that our losses to the extent that they could be compared do not appear to be out of line or abnormal. That is, the system is working effectively.

*By Mr. Stewart:*

Q. Well, when this monthly stock taking is not being done, how do you find out it is not being done?—A. We find out, that is, if you are asking how I find out—I find out through the reports that the chief auditor makes. He

goes in and makes a surprise check of the unit and if he finds that that monthly stock taking is not being done he includes it in his report. That report comes to me and, as I said, I pass that on to the Chief of the General Staff who passes it on to his people with instructions that these things be corrected.

Q. Does your chief auditor's branch make an examination at least once a year of every unit?—A. Their program is to make an examination of every unit once a year. Now, it might not actually result in every unit being audited once a year. These are surprise audits. They may audit one unit this year and it may be 18 months before they get back to that unit next year, but on an average over a term of years they attempt to audit every unit once a year.

I believe since the branch was organized in 1948—and mind you during the early years they did not have an organized staff—a good part of the first year was taken in developing and acquiring a staff—they have conducted some 1,000 audits of various units of one sort or another.

*By Mr. Adamson:*

Q. May I ask the witness just one question? I would like to have one document—one auditor's report and I think it would be of assistance to the committee if we could have an auditor's report of the Central Ordnance Depot at Ottawa immediately prior to the fire. I asked that to see the remarks the auditors may have made with regard to the possibility of fire and I think it would give us an idea of what was being said. I think there will be no objection to that—the investigation has apparently closed.

Mr. DRURY: If I might say so, Mr. Chairman, I would hope that Mr. Adamson would not ask for the tabling of any of the auditor's report. As has been pointed out these contain a number of expressions of opinion by a man who perhaps is not fully qualified to advise on some of the particular aspects on which he is expressing opinions.

Now, obviously, no one man, even an auditor, can be an expert in the whole field of accounting—which calls for a lifetime study in itself—and on military and physical security, fire fighting and all that relates to them as well as warehousing and custodianship of a vast variety of stores varying from precious metals which the dental corps hold to bulk storage items such as coal. Moreover, the auditors are asked to express opinions which may, in some cases, result from hearsay. This does give the people in headquarters a line of possible inquiry to pursue. In this particular aspect the reports are not factual at all. When these reports are referred to the appropriate Chiefs of Staff for action, he accepts these observations in relation to matters in which, obviously, the auditor is not an expert, as comments only and may produce a reply demonstrating either the impracticability or the feasibility of implementing only one of these suggestions. Now, if the auditors' reports are going to be published, then, as you all know, they will henceforth take on a completely different character and the auditors will be at pains, and I think rightly so, to be sure that they do not make any statement or formulate any opinion in their reports that they cannot substantiate in the fullest degree. The effect of this will be, so far as the auditors' reports are concerned, to stultify to some extent the efficacy of their work. I would represent in consideration of this, perhaps, that if it is important to the committee in the prosecution of their business that a report should be tabled, then the committee will have to decide, but if these reports are not published, it would be considerably less prejudicial to the operation of the department in future, not in respect of the past but in respect of the future. These are confidential reports.

Mr. ADAMSON: This is a question I propose to ask again, because it seems to me the whole value of the audit system is, the auditor makes remarks, he makes suggestions, and are they followed? It seems to me you employ an auditor to find out what is wrong and the whole efficiency of the audit depends on his ability to make those reports and show what is wrong.

Mr. PEARKES: Perhaps the objections would be overcome if the remarks of the appropriate Chief of Staff were added.

The CHAIRMAN: I beg your pardon, Mr. Pearkes?

Mr. PEARKES: Perhaps Mr. Drury's objections could be overcome if the remarks of the appropriate Chief of Staff were also included with the report which Mr. Adamson has asked to be tabled.

The committee adjourned.



















HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

TUESDAY, MAY 13, 1952

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),  
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952





## MINUTES OF PROCEEDINGS

TUESDAY, May 13, 1952

The Special Committee on Defence Expenditure met this day, at 11.00 o'clock a.m. The Chairman, Mr. David A. Croll, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Campney, Cavers, Churchill, Croll, Dickey, Fulton, Harkness, Henderson, Lesage, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stewart (*Winnipeg North*), Thomas, Weaver. (19)

*In attendance:* Mr. C. M. Drury, Mr. E. B. Armstrong and Mr. W. R. Wright, Department of National Defence.

For the purpose of clarification in relation to the requested tabling of auditors' reports on material and stores, the Chairman quoted Mr. Drury's evidence given on Thursday, May 8.

Following a specific request of Mr. Adamson, and after a lengthy discussion on the propriety of producing auditors' reports, courts of inquiry and courts martial, it was decided, in respect of losses, etc., at camps other than Petawawa, to make available to the Committee the findings, the recommendations and the remedial action taken in specified cases.

Mr. E. B. Armstrong was called. He filed for distribution and insertion in Exhibit B, six mimeographed sheets to replace the last six partly illegible sheets namely: Losses, etc.—Navy.

He also tabled for distribution:

A supplementary list covering fire losses from January 1 to March 31, 1952. (*To be inserted in Exhibit B*).

Summary of losses due to theft, or fraud, fire and other write-offs for the three services. (April 1, 1950 to March 31, 1952).

He also filed for distribution a statement of losses due to theft or fraud at Farnham Summer Camp. (*Marked Exhibit E*).

The witness was further examined on audits of material and stores. (*Exhibit B—Navy*).

At 1.00 o'clock p.m., Mr. Armstrong's examination still continuing, the Committee adjourned until Thursday, May 15, at 11.00 o'clock a.m.

ANTONIO PLOUFFE  
*Clerk of the Committee.*





## EVIDENCE

MAY 13, 1952.

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. There is one correction in the printed record. In Report No. 4, of May 1 at page 115, line 30 thereof should read: On motion of Mr. Dickey said report was adopted. Then please note that documents filed at the last meeting are marked Exhibit B, C and D in the order filed by Mr. Drury. Exhibit B is Royal Canadian Navy, Losses due to theft or fraud; Exhibit C is Department of National Defence, Canadian Army, report of losses due to theft, fraud, fire and miscellaneous causes; and the other book is Exhibit D, R.C.A.F. losses due to theft or fraud, fire and other write-offs.

Mr. McILRAITH: Is the last book in three parts?

The CHAIRMAN: Yes, the other book is in three parts. There are three matters that have been before the committee that need some clarification at this time. At the last meeting there was a question which arose with respect to auditors' reports to their superiors, dealing with deficiencies, thefts and fires. There was a question, also, of the matter of courts of inquiry on deficiencies, thefts and fires, and courts martial. I think one of the first things we had better do is to consider the availability of these various documents so that the procedure in this regard will be understood and adhered to.

Mr. STEWART: May I ask the witness, Mr. Drury, one or two questions that will help to clarify the question as to whether these reports should be made available.

The CHAIRMAN: For the information of the committee I will read from the minutes of the last meeting dealing with Mr. Drury's comments on this subject so that you can grasp what Mr. Drury said at that time:

Mr. Drury: If I might say so, Mr. Chairman, I would hope that Mr. Adamson would not ask for the tabling of any of the auditors' reports. As has been pointed out, these contain a number of expressions of opinion by a man who perhaps is not fully qualified to advise on some of the particular aspects on which he is expressing opinions.

Now, obviously, no one man, even an auditor, can be an expert in the whole field of accounting which calls for a lifetime study in itself—and on military and physical security, fire fighting and all that relates to them as well as warehousing and custodianship of a vast variety of stores varying from precious metals which the dental corps hold to bulk storage items such as coal.

Moreover, the auditors are asked to express opinions which may, in some cases, result from hearsay. This does give the people in headquarters a line of possible inquiry to pursue. In this particular aspect the reports are not factual at all. When these reports are referred to the appropriate Chief of Staff for action, he accepts these observations in relation to matters in which, obviously, the auditor is not an expert, as comments only, and may produce a reply demonstrating either the impracticability or the feasibility of implementing any one of these suggestions. Now, if the auditors' reports are going to be published, then, as you all know, they will henceforth take on a completely different character and the auditors will be at pains, and I think rightly so, to be

sure that they do not make any statement or formulate any opinion in their reports that they cannot substantiate in the fullest degree. The effect of this will be, so far as the auditors' reports are concerned, to stultify to some extent the efficiency of their work. I would represent in consideration of this, perhaps, that if it is important to the committee in the prosecution of their business that a report should be tabled, then the Committee will have to decide, but if these reports are not published it would be considerably less prejudicial to the operation of the Department in future, not in respect of the past but in respect of the future. These are confidential reports.

Mr. FULTON: May I speak on this, Mr. Chairman?

The CHAIRMAN: Let me finish, please. That statement, of course, represents a departmental procedure and practice which has long been established, but the final decision will be one for the committee to make. It is now up for consideration before the committee to express opinions and to reach a conclusion as to exactly what they wish should be produced on the matter under discussion. Now, gentlemen, I think we ought to have a pretty thorough discussion on this problem now.

Mr. ADAMSON: As I asked the question, Mr. Chairman, may I state the reasons why I asked it. I asked specifically for the audit of the Central Ordnance Depot at Ottawa, the audit taken immediately preceding the fire. I asked it for a number of reasons but I think the most important reason was to see whether the audit report had comment on the possible dangers of fire, the dangers of the security system, and the other matters which under normal circumstances an auditor would cover in his report. Now, it seems to me, Mr. Chairman, that it is a question of this particular audit, I did not ask for all the audits and I did not ask for it to be made a practice, but this one will give us an idea as to how efficient and how useful the auditing system in general is. This committee is set up to go into the whole matter of defence expenditures, and one of the most important instruments we have is the auditing system. They are there as a permanent watchdog of what is being lost or may be lost, or what extra measures of security might be taken, and I think it is one of the primary functions of this committee to see how this essential service is carried out. I did not ask for the complete audits. I asked for this one. I was going to ask for the one at Trenton, too, because there are two cases where you had very severe fires. In the one case at least the accusation has been made that prior to the fire there was looting, and the suggestion—I think even more than the suggestion—has been made that the fire was caused by arson. Now, here you have the suggestion of looting and you also have the suggestion of arson. The auditor must have made a report. Did the auditor see the danger inherent in both the looting and the arson which subsequently, apparently, took place. At least we are here to investigate whether looting and arson did take place, because we are here as a Defence Expenditure Committee to see that the expenditures were properly made and that the war material which the taxpayers have paid for is properly safeguarded, and I think in this case, Mr. Chairman, that it is of essential importance to this committee to have this auditor's report. This is the machinery by which the security and the safeguarding of material is made, and it is quite essential machinery. I might point out that auditors in every other line of endeavour make reports that are public. A bank audit is essentially one that is published for the shareholders to know how the officers of the bank were maintaining their business, and if the auditor feels that the bank has an exceptionally large amount of loans made to one branch of industry he generally reports that, and I feel that in this case, despite the fact that they were considered confidential, this is an exceptional circumstance. This committee is set up under exceptional circumstances, and I feel that the production



of at least these two is of great importance to the committee, and I feel that it will bring essential evidence which, in my opinion, Mr. Chairman, we need.

The CHAIRMAN: I would like the committee to direct their attention to the three subjects that I placed before them; auditors' reports, courts of inquiry and courts martial. May I just ask you to particularize. What is it that you have in mind that will be useful to the committee in dealing with Plouffe Park and Trenton. Is that what you have in mind?

Mr. ADAMSON: Yes, the fire there, which I understand was a million dollar fire.

Mr. DICKEY: The amount set out in this return is \$731,000.

Mr. ADAMSON: That is in Ottawa.

Mr. DICKEY: That is in Plouffe Park, and the other is also in the return.

The CHAIRMAN: Mr. Adamson, do I understand that what you are concerned with is what they found and what they did about it?

Mr. ADAMSON: That is it.

The CHAIRMAN: Please, gentlemen. Would you just let me exhaust this? All right, let it go at that. Now, are there any other views with respect to principles on any of these three matters I laid before the committee?

Mr. LESAGE: I believe there is a distinction to be made right away; it is that no courts martial, courts of inquiry or auditors reports relating to Petawawa Camp should be produced now because we have decided on that already in the negative.

The CHAIRMAN: There is no question now as to that.

Mr. LESAGE: As for other cases, Mr. Chairman, I believe that our approach to this problem should be a general approach and any ruling that is made, or decision that the committee makes regarding courts martial, courts of inquiry and audit reports should cover all these proceedings in general and not relate especially to two instances, the Ottawa and Trenton fires that Mr. Adamson mentions. In other words, I suggest that we should make a decision as to what should be produced or should not be produced regarding courts martial, courts of inquiry and audit reports generally.

The CHAIRMAN: Why should he not get these specific particulars on the Plouffe Park and Trenton fires with respect to what the auditor found and what was done to remedy the situation, why should he not get it specifically rather than in a general way?

Mr. LESAGE: Mr. Chairman, I am talking about the ruling or the decision that we will take in this committee. If this committee decides that the auditors' reports should be tabled in such or such a form as we will decide regarding Ottawa and Trenton, I believe that the ruling or decision should apply to all cases—that is what I mean. We should not limit our decision only to those two instances, because we might be interested in something similar somewhere else.

Mr. BENEDICKSON: Why do we not deal with these topics individually? A request has been made. Let us see what we can do to meet it.

The CHAIRMAN: That question will arise under each item, Mr. Benidickson, rather than deal with them piecemeal, we will try to lay down some mode of procedure that would perhaps indicate to the members of the committee—knowing what was available to them—what they could ask for, in specific instances. It will be a great task to meet all requests, but in specific instances specified information can be made readily available if that is the view of the committee.

Mr. LESAGE: I am not finished, Mr. Chairman. May I say that if we decide only in two specific cases we will have to decide every time someone asks for something else, while if we make a general decision as to what should be or should not be produced, that will settle the matter and we will not lose very much time, and this committee will work with much more efficiency. Now, as far as courts martial are concerned, I do not believe that the evidence in courts martial should be produced. I believe that members of the committee should be entitled to have the recommendations and decisions of the courts martial in full and not only what is shown here in the last column. We should have them in full.

Mr. CAVERS: It will be very cumbersome to produce all the evidence of all the courts martial that might be asked for.

Mr. LESAGE: I did not say that this committee should be given all that. As to courts of inquiry I do not see why the decisions of the courts of inquiry should not be produced. After all, this committee, as Mr. Adamson has said, is here for something and if we do not know what were the facts, the findings by the courts of inquiry, we cannot proceed very intelligently. Of course, during the proceedings in the courts of inquiry, I know that some suspicions may be cast upon somebody and I do not believe that the committee should have that. That is completely privileged. The same thing applies to audit reports. I believe we should have the facts reported and the findings of the auditor. It is part of our job to examine them. But the opinions of the auditor should not be produced. It might cast suspicion on the conduct of someone or some other person, when no real conclusion was reached. It is like a police investigation.

Mr. MACDONNELL: Will Mr. Lesage allow me to ask him a very simple question: do you think that a shareholder or a director of a company could be told that the auditors' report of the company is a confidential document and he could not see it?

Mr. LESAGE: It is quite different here. Mr. Macdonnell, because these audit reports, as I understand them, might contain the opinion of some auditors on the conduct of some person or some individual, and they might contain the personal opinion of an auditor which is not based on facts, but which are only doubts, doubts cast on the honesty, for instance, of somebody. Well, that is privileged. It is privileged everywhere. I know, for instance, and I will give you as an example—suppose that there is in any province of Canada a criminal investigation by the provincial police. Do you suppose that in any legislature you could have tabled the police report made to the attorney general? Never. Because some doubts are cast on some individuals and very often the investigation by the police concludes that the offenders could not be found. I have seen many police reports, and police reports cast some doubts on individuals. It is so easy for someone to draw conclusions who is interested in drawing conclusions without basing them on facts, and that would be very dangerous in this committee. I suggest, Mr. Chairman, that we should have all the factual findings of the audit reports and courts of inquiry. Should we go any further? It is difficult to know. I understand, Mr. Chairman, that there are some recommendations made at times by these auditors?

The CHAIRMAN: Yes, I think so.

Mr. LESAGE: Well, if these recommendations were based upon findings of facts we surely would be interested to know what these recommendations were and how they were followed, as Mr. Adamson said, but I do not know, until I am convinced to the contrary, that we should go any farther.

The CHAIRMAN: Would you go a step further? Would you make available the findings of the reviewing authorities, which is part of courts martial?



Mr. LESAGE: Yes, that is right. As far as auditors' reports and courts of inquiry are concerned, I put them on the same basis. I believe we could have all the findings of facts and the recommendations, unless I am convinced to the contrary.

Mr. MACDONNELL: As I understand Mr. Lesage, he has said that we should have the proceedings of courts martial and courts of inquiry.

Mr. LESAGE: Not the proceedings.

Mr. MACDONNELL: What did you say?

Mr. LESAGE: The findings of facts and recommendations.

Mr. MACDONNELL: Those are cases where the conduct of people is called in question, but in the auditors' reports there is no question. You likened it to a criminal proceeding.

The CHAIRMAN: Gentlemen, gentlemen. Every member will have an opportunity to express his views. Mr. Stewart asked for the floor.

Mr. STEWART: I think we are in some semantic difficulties. I do not know whether we are investigating auditors' reports or investigators' reports. The auditors' report can be produced at any time. Listening to the evidence which you read this morning, as stated by Mr. Drury the other day, I have grave doubts in my mind as to the value of these men who are indeed the auditors. Mr. Drury said these men are asked to give expressions of opinion on matters about which perhaps they are not fully qualified to do so. Now, their opinion is absolutely worthless; it is a waste of time to have a man expressing opinions on matters he knows nothing about. If that is what has been carried on, I think the auditing staff should be dispensed with. Mr. Drury also said: auditors are asked to express opinions which may in some cases result from hearsay. I maintain any man who is in the position of auditor and who expresses an opinion which he is not capable of substantiating to the very limit, that his report is quite useless. Mr. Drury got onto another situation when he said that "if the auditors' reports are going to be published . . . the auditors will be at pains, and I think rightly so, to be sure they do not make any statement or formulate any opinion in their reports that they cannot substantiate in the fullest degree". That, surely, is what we expect of an auditor, an opinion that can be substantiated to the fullest degree. That is why I say I doubt very much if these men are auditors in any sense of the word. I have never heard of auditors examining into the danger of fire or the possibility of fire. That is completely out of their jurisdiction. In regard to this particular matter, I think we ought to decide on an ad hoc basis. I think it would be a mistake to make a general rule that an auditor's report should be produced, outside of Petawawa. We should decide on an ad hoc basis on each individual one as it comes up, and, if the committee is of the opinion the auditor's report should be submitted I think we should have it.

The CHAIRMAN: I do not want to be misunderstood. I thought the committee had decided not to deal with Petawawa—had made the firm decision not to deal with Petawawa until such time as the mess had been cleared up at Petawawa. So, we are dealing with any other matters except Petawawa.

Mr. DICKEY: Mr. Chairman, there is one point I think we might clear up right away and it is this question of how these auditors' reports are described and what their function is. I think that the term "audit" should not be understood in the ordinary sense in which it is used in dealing with corporations—in the ordinary—

The CHAIRMAN: Narrow sense—

Mr. DICKEY: —narrow sense of commercial dealings. As I understand it this auditors' branch is a special branch set up under the deputy minister to go into accounting units and to make a full audit of all their accounts; to also



investigate their storekeeping procedures and the security measures against fire and theft—and all that sort of thing—and to report to the deputy minister on all those matters. We might be able to find a better word for them but I doubt it; and I think we will just have to take the word “auditor’s report” and use that, but to understand that it is a very much wider term than used in its ordinary sense.

Mr. STEWART: It is called an investigator’s report—

Mr. DICKEY: Let us understand it properly. I do not see why we should have to change the terminology that is used in the Department of National Defence and as they understand it. As long as we get that clear in our own minds there should not be any difficulty.

The specific problem, as I see it, is how this committee can properly carry out its work and achieve good results without causing any damage or difficulty to useful and good procedures within the department. The point made at the last meeting by the deputy minister in the statement which he made and which you read this morning, Mr. Chairman, is that in his view if the auditors’ reports are tabled in this committee and become public property word for word, that will destroy the value of this auditing system that has been set up in the department.

I think that is something of which this committee should take cognizance and I for one think we should not require the tabling of auditors’ reports if that is going to be the effect. The deputy minister, on his responsibility as deputy minister and knowing the contents of those reports and the value of them to the department, has said that would be the effect.

I think, Mr. Chairman, that dealing for example with the specific questions that Mr. Adamson has put before the committee, he says with respect to No. 26 Central Ordnance Depot: I would like to know what is in the audit carried out immediately prior to the main fire they had there—I think it is in the document tabled, on the second page of losses due to fire—on June 2nd, 1951. He wants to know what the findings of fact were in the immediately preceding audit with respect to the danger of fire and the precautions that were to be taken against fire.

Now, I cannot see at the moment why it should not be possible for the committee, in response to a specific request of that kind, to be informed by the department what if any were the specific findings of fact in that audit regarding the dangers of fire in No. 26 Ordnance Depot; and, if possible, what was done in response to those recommendations.

Then, Mr. Adamson indicated that he would like similar information with respect to the audit that immediately preceded the fire at Trenton on the 2nd of January, 1952.

The CHAIRMAN: Are you finished Mr. Dickey?

Mr. DICKEY: Yes.

The CHAIRMAN: Mr. Harkness has the floor.

Mr. HARKNESS: Mr. Chairman, you put before us the general question of whether we should ask for or whether we should get auditors’ reports, courts of inquiry, and courts martial—lumping the three together.

To begin with, I do not think we should try to lump them together. They are different things and we should look at them as such. First, as far as courts martial are concerned, they are public courts and anyone, theoretically at least—unless it is a special court that is closed—is free to go in and hear the proceedings of the court. It was the situation and presumably still is that if anyone wanted to get a transcript of the evidence he could do so by paying a fee. As it is a public court I see no reason in the world why this committee, if it thinks it necessary to have a transcript of the evidence and the finding of a court

martial, should not have them. It is public property, the same as the proceedings in any other court. There will be no question about courts martial and I would presume the number of them that would be required would be very small, perhaps none—I do not know.

When you come to courts of inquiry in most cases, as far as the unit in which the court of inquiry is going on at any rate, they will be public inquiries at which people can attend if they wish to do so. I say in that case also there is no reason why the proceedings and the findings of the court should not be made available to the committee if required. When you come to these so-called auditors' reports we have a different situation. Apparently, from what we now hear, these auditors' reports are not what you normally look upon as auditors' reports. They are partially auditors' reports and partially investigators' reports. All that anyone has asked for up to now, in so far as they are concerned, is the findings of fact. Nobody has asked for the opinions of the auditors in connection with any of these matters. When I first brought up the question in regard to Petawawa I asked merely for the losses of public stores which the auditor's report gave. I did not even ask that the auditors' reports be tabled. I just asked for the losses disclosed in those reports.

Now, I used Pétawawa just as an example and as far as any of these other things are concerned I can see no reason in the world, and I think Mr. Lesage expressed the same view, why the actual losses which any auditor's report indicated had taken place should not be disclosed to this committee.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: Gentlemen, Mr. Harkness has the floor.

Mr. HARKNESS: I have essentially finished, but I think we should look upon those three things as separate types of reports or whatever you want to call them, and that we should deal with them as such. Certainly, as far as courts martial and courts of inquiry are concerned I can see no reason from any point of view why the committee should not have them if we think they are required—because they are, as I say, basically public property anyway.

Mr. FULTON: Most of the views I was going to express have just been expressed by Mr. Harkness; but I want to emphasize my agreement with him that the proceedings of courts of inquiry in any specific case where asked for should be made available. I have expressed a particular desire to find out about the losses from one of the camps—at Farnham. I notice here another case, item No. 12, in "other write-offs in the Canadian army". It is not a very good illustration because it says the board of inquiry is still investigating, but I think it will serve my purpose. There is a write-off disclosed of \$10,231.54—pending. Under "remarks": "ordnance inspection revealed shortage. Board of inquiry investigating."

It is in cases like that where inspection or audit has revealed shortage that I think the evidence before the board of inquiry or court of inquiry would be of particular interest to this committee and of proper interest in this committee; because one of the things that we are looking into here is the extent to which firstly the security precautions outlined by Mr. Armstrong are effective in preventing shortages and thefts, and secondly the extent to which they are complied with.

It seems to me the mere finding of a court of inquiry, as I recall it, is pretty well confined to a statement of the total losses, and then a very generalized statement of the cause of the loss, and if it were proper, a statement fixing the responsibility. That mere finding would not establish whether measures were effective or whether or not they were carried out. That can only be secured by an appraisal of the evidence taken at the court. That is why I feel that in specific cases where asked for the committee should be entitled to have the proceedings as well as the findings of courts of inquiry laid before it.



Apart from that, I wish to support Mr. Harkness' suggestion that we confine our requests on the auditors' report to statements of shortages which the auditors actually discovered at the time of reporting, but I think it would be in order to go through other things—such as the causes of the shortage.

Mr. Dickey made a comment that these facts are all disclosed in the reports we have before us. It is true that the total of the losses and shortages are now disclosed, but what we want to find out, taking audits that may have been made at a certain camp at various times is whether if there were losses disclosed action was taken to deal with the situation which gave rise to those shortages.

Therefore, we want to get the various steps in connection with the losses—we want to examine into, in cases of disclosures, what was done to tighten up procedures. We should not be confined, with respect to disclosures, to the factual end of the auditor's report and I do not know why the committee cannot have that other information.

Mr. HENDERSON: Mr. Chairman, I notice that some members in this committee are using the words "looting" and "arson" with reference to our armed forces. I think those words are being used too loosely.

Some hon. MEMBERS: Hear, hear.

Mr. HENDERSON: At the present time Canada has members of Her Majesty's forces in about ten different countries. We are associating with them in our own country every day too, and I think to give publicity all the time to members of Her Majesty's forces by using those terms is not very complimentary to what those men are doing and to what they are up against.

I would suggest that Mrs. Brown's boy in the army is in no different position to her son in civilian street—I think we should bear that in mind. If either one of her sons does any wrong or commits any crime he will be punished in the same way. There is procedure whereby any boy or man in the army having done wrong will be punished in the civilian courts the same as the civilian is.

I think that from now on in this committee we might better direct our attention towards remedial methods or improvements in our system rather than specifically directing such words as "looting" and "arson"—naming those two crimes—to the armed forces. I think we should remain aloof from that.

Mr. APPLEWHITE: I would like to make an observation or two on the question of those reports. I am not referring to courts martial but I think I agree with Mr. Harkness that courts martial are in a somewhat different situation to inquiries which are dealing with financial losses.

It seems to me, as a layman, there are two legitimate reasons why certain types of reports cannot or should not be produced to this committee. I wonder if I could take an example of this: There is an item which appears in the Royal Canadian Navy schedule in which there was an investigation, the results of this investigation produced insufficient evidence, and the file was closed. I have not seen that file, of course, but it may indicate individuals who were under suspicion. As there was not sufficient evidence produced to prosecute them I do not think we would have any right to bring that suspicion out publicly because those people may be innocent—at least they could not be proved guilty. I do not think that reports covering people who are possibly innocent should come to this committee. If they do the information then of course becomes public.

There is another objection, to using parts of reports that may indicate in some detail as they are confidential, the methods used in the investigation. To publicize that sort of information is giving assistance to those who may want to take advantage of loopholes in the law. I think Mr. Drury used the expression "that might be prejudicial to the operation—" and I think that is what he meant.



In so far as the question of auditors or investigators reports are concerned, surely if we are going to talk about any we might talk about both. There is not the slightest use in accepting auditors' reports in terms investigators reports or vice versa. As Mr. Adamson says, these auditors, who may be investigators, in some cases will outline the dangers to which our system has submitted our stores—whether they were dangers of arson or dangers of theft or dangers of fraud, and I agree with Mr. Stewart that it certainly is obvious that if they are auditors' reports they will not have investigated physical action taken to guard against the danger of arson.

As to courts of inquiry, I think they are somewhat similar to investigators' reports only they have gone a step further. I query the accurateness of Mr. Harkness' suggestion that courts of inquiry and their full procedures are available to any member of the general public.

Now, what are we going to do about it? If there is any use in these reports, and if the committee is going to get anywhere—we either fold up this section of the committee's activity or we get on to those reports—but we cannot get to them unless we know what the conclusions are.

We must, surely, have the conclusions which have been arrived at in the case of every report that we want. I would say "every report" or else there is not the slightest use in this. We have some of the details and if we want the rest we are entitled to the conclusions. We want to know, surely, the suggestions those people who made the report were able to make at the time for the prevention of the same thing happening again. Those suggestions we should have in full. I do not think it is enough from the point of view of this committee to stop at the suggestions. We should also find out what has been done by the proper authorities—whether it is the services or the department, to see whether those suggestions have been carried out.

Conceivably we might have had some excellent suggestions made on carelessness but along the line they may not have been given effect to. Surely those are the things we want to find out—not the preliminaries but the conclusions.

There might be a lot of explanations for instance regarding the item at the bottom of the first page—on the Royal Canadian Navy. There is an item of \$3.30 which was investigated—and whether we want that type of investigation I do not know; but at the very top of the very first page of the R.C.A.F., losses due to fire, the remarks say there was a letter outlining the precautions to be taken. Well, we have got that much information and surely we are entitled to know from somebody whether those precautions have been taken. We are also entitled to arrive at our own conclusions as to whether those precautions were adequate or not. I would suggest—I do not know exactly how it could be worded—but those parts of every report which contain conclusions, their findings of facts, and their recommendations, should be available to this committee—in the words of the investigator or auditor or whoever it was that filed them.

From there, I suppose, we will have to adopt a line of questioning, and get the proper witnesses to find out whether the suggestions were carried out, whether they were practical, and to what extent they were carried out. However, surely we must protect the innocent by refraining from publishing inconclusive reports. We must protect the service by not publishing reports which will indicate the methods by which they do their undercover investigations.

Mr. PEARKES: If the committee, wanted to find out what recommendations had been made to guard against both fire and theft, would not the right report be that made on the particular unit by the general officer or, in the old days—I am speaking of some twenty years ago—the district officer commanding.

The district officer commanding, accompanied by his staff, annually made a very thorough report upon each unit, pointing out exactly the state not only of the unit's training efficiency but also of its administrative efficiency, and the state and condition of its stores.

There was one particular paragraph in which he had to list the actual deficiencies which were reported. Now, it seems to me that such a report would be of considerable value to the committee in cases where there had been theft or fire. You cannot then say that the report was made by people who were not fully informed on the particular task that had to be carried out; that they were merely expressing opinions. Those would be opinions expressed by the general officer commanding, the official responsible, based on the assistance which he received from his competent staff.

I cannot help thinking that while it would not be desirable or necessary to have a full report on each unit placed before this committee, surely paragraphs or any comments made by the general officer commanding in particular cases would be of assistance.

Mr. MACDONNELL: Would it be possible to have a comment on the suggestion by General Pearkes? I do not want to be critical, but to me this is just one great frustration at the moment—but if there is going to be any sign of cooperation—

The CHAIRMAN: The cooperation I presume, will come from you, Mr. Macdonnell. We are cooperating. I am trying to canvass the views of the committee in order to try and indicate to them what I think should be done, and with that you may agree or disagree.

Mr. MACDONNELL: We are now on the third of these meetings which you might say were a sort of substitute for what we asked about Petawawa and were refused. At that time we told you this was half-baked and no good, and we are having what we are having only. This committee should not be called a committee on Defence Expenditures, it should be called a committee for the justification of the Department of National Defence.

Why do I say that? The whole thing is in a vacuum. There was one part of our resolution which said that we would investigate the measures to correct—and so on. We are not getting anywhere on that. All we are getting is generalization. As I say, we got it the other day in a 17 page memorandum—although I think it was a very good memorandum—and I have no doubt that if the whole of it were carried out all would be well. However, just as soon as we get to the stage where we ask for some particular bit of information which might show how certain mistakes have occurred, then we cannot have that. We are shut down a blind alley.

The whole thing is going on in a vacuum. As far as I can see we are just wasting our time.

There is just one other thing. It refers to what Mr. Stewart said about these auditors. I was absolutely astounded the other day when the deputy minister referred to these auditors as giving opinions on hearsay and speaking of their reports as not being factual. What kind of people are they? Surely they are not irresponsible people who behave in that way. If they are not irresponsible people surely we can what they have done.

It is exactly the same thing, Mr. Chairman, as if you were in court and the other lawyer was being allowed to give statements of what his witness did; as if you were not allowed to get at his witness but you were forced to take the statement which he made.

We are having statements made here, in good faith I have no doubt, by Mr. Drury, but where there has evidently been some kind of a breakdown in the organization then we are told that we must not know anything about it;



that we must only know what is good; that we must not get any facts of any kind because they would show the Defence Department was not absolutely perfect.

The CHAIRMAN: Just one moment. Will you point to any specific instance where you have been denied information on any matter or on specific questions where you have not been given the full detail.

Mr. MACDONNELL: Petawawa.

Mr. BENIDICKSON: Except Petawawa.

The CHAIRMAN: For a good and sufficient reason.

Mr. MACDONNELL: You gave reasons that were sufficient to you, but in other cases you said that information would be forthcoming. Here we have Mr. Adamson who has asked for information and other people have asked for information. As far as I can see, up to the moment—we may make a decision on it this morning which will change it—but up to the moment we have generalities only. We are given a lot of details as to \$5 here and \$5,000 there and we are given such reports as the department sees fit to give us. What is the use of spending our time in that way? It is a waste of time.

Mr. McILRAITH: I was going perhaps to be very kind to the committee and not deal with Mr. Macdonnell's remarks except one or two of them. They were addressed particularly to the auditor's report. I promise you that I will not go into the other phase of your remarks at all, although I must admit that it might be tempting.

It seems to me we discussed three phases—the auditor's report, courts of inquiry, and courts martial. Probably we could get to a decision if we dealt with them one at a time. I, for instance, am not very clear about the procedure in courts of inquiry. I had thought there were different types of courts of inquiry and that some of them, in Canada, were not public. That is a thing I am not prepared to discuss now as I simply do not know enough about the procedure in courts of inquiry.

With respect to the auditors' reports, there seems to me that there is a basic misunderstanding, and I made a note of Mr. Macdonnell's question to Mr. Lesage when he was speaking. He likened these auditors' reports to bank auditors' reports.

Mr. MACDONNELL: Any company.

Mr. McILRAITH: Any company, yes, but there is a very obvious distinction. Company auditor's reports are reports of outside auditors. Their final findings are prepared documents submitted by them. We had a long discussion on this when the banks were before the Banking and Commerce Committee.

Now, here we have an internal audit, as I understand it, set up within the department, and these so-called auditors' reports are reports of the field men actually sent out to audit a unit to their headquarters. Of course, when a company auditor reports in that way the documents are never produced. They send out all their student auditors and auditors who send in all sorts of documents into their headquarters for use before they prepare the final report which—

Mr. FULTON: May I ask a question?

Mr. McILRAITH: Go ahead.

Mr. FULTON: Suppose the bank inspectors as they come along make a check and disclose a shortage. Do you say that the shareholders would not get to know that?

Mr. McILRAITH: I am coming to that, just let me get at it in my own way.

Now, the Auditor General's report is in an analogous position to that of the auditors of whom Mr. Macdonnell speaks. Of course, the reports of the Auditor General are published and he is the public auditor.



I say all this because we should know what we are dealing with. My understanding is that these internal audits are done with respect to the three arms of the service—the navy, army and air force by subdivisions within the armed forces. You have the ordnance stores, the medical stores, the dental stores, and whatever you call the other subdivisions of the armed forces—so, when there is constant reference in the committee to camps that is the wrong way to deal with this documentation. It should be dealt with, as I understand it, by a particular branch of a particular service. I think that is the way they are set up—according to my understanding of the evidence.

I thought Mr. Adamson, if I noted correctly what he said, really stated what we are seeking to get at. He said: How useful—and he was speaking about this particular audit system—is it in general. I think that is the point we are trying to get at here.

Well, if that is so, I do not think it is too difficult to find a solution that should fully satisfy the committee, that is correct legally, and fully meets the objection of the department. I tried to note down, Mr. Chairman, when you were reading, a bit of the evidence taken the last day. As I understand it the deputy minister's point with respect to this was—and some of the words I noted down—that the auditors were invited to express opinions on hearsay evidence—that is on things a little beyond their function as audit experts.

In another connection he said: In this particular aspect the reports are not factual. Then he spoke again of the same subject matter as being observations and as comments only. I think it is quite clear the committee does not want that. It is not what they want, but surely in those reports there is a finding of fact or a conclusion, or there must be some part of the report that is used in its usual context as factual finding. I think we should get that and then get to what the auditor recommends. There must be some part of his report that recommends something be done—that there should be this done or that done or that there should be some change. If we can get those recommendations then we can pursue what has been done with them. I would like to hear the witnesses tell us what they do from there on.

If we can go on in that way we will get exactly what we are seeking and I think we would be legally correct. It seems to me, listening to all members of the committee, we would reasonably meet the wishes of everyone in the committee and certainly get on with the job.

Now, there is one thing here I notice in dealing with these auditors' reports and on which I think I ought to say a word.

The CHAIRMAN: I do not want to break in. Everyone is helping the chairman and the committee, but please shorten your remarks, gentlemen, and let us get down to agreement on something.

Mr. McILRAITH: May I make one additional remark—and I will try to shorten it. We seem to be falling into the habit of talking of these shortages as casting a reflection on someone. Now, shortages can arise in a good many ways. I do not think we should assume or get into the careless habit of saying that they reflect on someone, because I remember all too well having to deal with shortages in the army when they involved rats eating uniforms. Surely, there was no suggestion in that case—

The CHAIRMAN: Nobody charged?

Mr. McILRAITH: Nobody charged at all. The man was away. I think we are making a mistake in casting a general reflection on the armed service personnel when it is not intended and when the evidence before us does not warrant that. We may find anything, but until we do I do not think we should fall into that trap.

Now may I revert and just gather up my remarks. It occurs to me that in these auditors' reports there must be something in the nature of a finding that

we should have. Having that, we should then have anything in the nature of a recommendation and, having those things, I presume we would want to go on with the evidence regarding what has been done on those recommendations.

Now, is there any objection to that approach? I address my remarks only to the auditors' reports.

The CHAIRMAN: Well, please, gentlemen, let us get down to what we have to do. If you have something new to add it will be most welcome.

Mr. CAVERS: Before we come to a decision about whether the findings of courts martial and courts of inquiry shall be produced, I think we should have some evidence as to whether those decisions on courts of inquiry are confidential or not. Now, courts martial may be quite available and if they are public property they should be available to the committee. With regard to courts of inquiry, however, it is my recollection that there are certain courts of inquiry which are confidential and others which are not confidential. I would like to be clear as to the distinction there is in that regard.

I have taken the trouble to look into the statement given here with regard to the Royal Canadian Navy losses suffered by fire. There are five instances where losses are more than \$200. I assume the committee would not want to go into figures for \$6.55, \$4.30, \$3.30, but they might in regard to the ones over \$200. One case shows theft by persons unknown, \$500, suspect committed for trial, case not proved, dismissed.

In those instances it appears that certain inquiries have been made. In another instance there was a theft of \$406.34 by persons unknown; and in regard to the matter of loss by fire there are only two instances where the loss is more than \$500 with regard to the Royal Canadian Navy.

So, I am wondering whether these courts of inquiry have been asked for any particular purpose and whether they are going to be of any use to the committee at all—or whether it is just a smoke screen being thrown up in order that it may be refused.

Mr. WEAVER: Can we keep separate the three items—courts of inquiry, auditors' reports—

The CHAIRMAN: Please wait just a few moments. Perhaps we can agree. Have you anything further?

Mr. WEAVER: No, I have nothing further.

Mr. CAMPNEY: Perhaps it might clarify matters if I made a couple of observations.

These shortages and cases of fire involve two things. They involve people and therefore as Mr. Henderson has said they involve the discovery and punishment of guilty persons which is one thing. On the other hand there is the departmental procedure in relation to handling of stores. I think that is what we should be concerned with—as to what departmental procedure should be investigated—particularly the steps to prevent shortages, fires and so on. There is a relationship between the two but I do not think we should pay too much attention to the first point—that is the individuals involved.

In that connection I do not see what place courts martial have in our inquiry. I do not see any harm in giving the findings of fact of courts martial if requested but, as time is of some importance, if we get involved in all these things everything except the points to which we should be directing our attention, then we will never get anywhere in the committee.

When you come to courts of inquiry, my recollection and understanding is that for the most part they are held in camera. They make investigations and report for the benefit and guidance of the department.



One step farther down is the class of auditors' reports or investigators' reports however they may properly be designated. They are definitely departmental reports for internal use of the department.

First of all it seems to me we want to know, in any case in which a member is interested, whether any of these bodies have found as facts things which touch on the phase of the matter we are investigating; and if they did what has the department done by way of remedial action?

The CHAIRMAN: Gentlemen, we have had a full discussion. We have had an hour now and I think we should have reached some conclusion.

I want to thank the members who spoke for much useful guidance that they have given other members of the committee as well as to myself. I have taken the opportunity to look up precedents in this matter. I think the general rule on the production of documents is that what is not available in the House is not available in committee.

Now, we have particularly to deal with the production of documents as I outlined earlier. Last week we had two similar requests for production of documents before the House, one by Mr. Coldwell and one by Mr. Diefenbaker, both of which were refused by the House.

What we have here is the matter of auditor-investigators' reports, courts of inquiry, courts martial—

Mr. CHURCHILL: Before you keep calling it auditors' and investigators' reports I would like to make a statement.

The CHAIRMAN: As soon as I am finished you will be free to do so.

As far as I can make out documents such as those I have mentioned have never been before produced in the House or in any committee. I agree with the general opinion in this committee that the time has come for some modification—even though it sets a historic precedent. I share the view of the deputy minister when he says this is a decision which after all the committee must make—and the committee is bound to make a decision.

I think it is important that we have some modification in order for this committee to get its teeth into the department in order to have relevant and factual matters placed before it. It is my view that with respect to the auditors' reports, or the auditor-investigators reports as I referred to them, and the courts of inquiry, the findings of fact should be available to this committee and also remedial action taken as a consequence of those findings.

Mr. BENIDICKSON: Would you include the recommendation with the facts?

The CHAIRMAN: What they actually found, what they recommended should be done, and the remedial action that was taken should properly come before this committee.

In so far as courts martial are concerned there is further historic precedent—they have never been produced.

Mr. FULTON: Did you say they have never been privileged?

The CHAIRMAN: Never been produced. I do not share that view either. I think the decision of the courts martial and of the reviewing authority should be produced. In other words, I think we should have the information as I indicated placed before the committee in each instance where it is requested. I hope the information is not requested for any other than useful purposes. What did they find that needed corrective measures? What corrective measures if any were taken should be available to this committee.

That is the view of the chairman.

I thank the committee for expressing the view that opinion, rumour, and "iffy" information is not what we are concerned with in these reports and boards of inquiry—that we want to get down to the basic facts. Now, understanding that, I hope you will agree with me and let us get down to our task.

I will call Mr. Armstrong.



Mr. E. B. Armstrong, Assistant deputy minister (Finance) Department of National Defence, called:

Mr. FULTON: Before you go on with the witness, at the last meeting I asked for two additional sets of information. One concerned the fact that we have not the documents so far for Farnham camp. The other matter is that of the date of the deficiencies at Petawawa—when they were first reported. There is a blank in the column in my copy at least.

The CHAIRMAN: The Farnham information is available and will be passed around along with some other information which perhaps Mr. Armstrong will identify.

Mr. BENIDICKSON: I wonder if you would outline to us—

The CHAIRMAN: Mr. Benidickson, just let me follow this.

The WITNESS: There are two documents relating to the information that was given last week on the Royal Canadian Navy.

The first one, covering "other write-offs" is merely to provide you with a document that has not got certain of the information cut off. On some of them passed out last week, part of the last column was removed, and this document will adjust that.

There is an addendum to the list provided by the R.C.N. As we said last week we had not taken time to edit the statement properly and matters were left off. This information is additional to that provided last week.

The CHAIRMAN: Then there is the other matter of losses and theft at Farnham?

The WITNESS: The statement on Farnham is in the same form as the other material and it will be distributed.

Mr. BENIDICKSON: May I ask a question?

The CHAIRMAN: One minute, until we have filed the documents that Mr. Armstrong has brought with him.

What is this?

Mr. BENIDICKSON: My question has to do with Farnham and I just ask you because I think it is pertinent?

The CHAIRMAN: Very well.

Mr. BENIDICKSON: I take it that we are dealing with the Farnham losses inasmuch as they occurred prior to the two-year general report that has been tabled?

The CHAIRMAN: That is correct.

Mr. BENIDICKSON: We are not deciding, by filing the Farnham matter, that it be the first item of particular attention?

Mr. FULTON: No, no.

Mr. BENIDICKSON: That is not the object?

The CHAIRMAN: Well, gentlemen, we will hear Mr. Armstrong.

The WITNESS: A member of the committee also requested at the last meeting that the totals of the tables that you received be produced. I have that here.

The CHAIRMAN: We will file it in the record. Now, Mr. Lesage has something to say.

Mr. LESAGE: There is one point I would like you to clarify, Mr. Chairman, It is in connection with your ruling and I tried to catch your eye before but I could not. When Mr. Fulton spoke half an hour ago he referred specifically to exhibit "C", other write-offs—No. 12.

Mr. FULTON: That was for the army.

Mr. LESAGE: Yes. He referred to the second last page, giving Wainwright as an example where the auditors' report might be produced if so requested. Well, that is the exception. I am not going to take exception to your ruling but I will ask you to except from it any instance or any matter where the inquiry is still pending.

The CHAIRMAN: I do not think any member of the committee had that in mind. I agree with your views.

Mr. LESAGE: Mr. Fulton cited it as an example.

Mr. FULTON: I cited it as an illustration and said that in a case which was pending I was not interested in asking at the moment but it was the sort of thing where, when the inquiry was completed, it might be useful information.

The CHAIRMAN: Thank you, Mr. Lesage.

Now, we are on exhibit "B" the first page. If there are no questions on the first page I will go to the second page.

Mr. HARKNESS: I have only one question which occurs regarding the first page and the second, and in fact most pages. The description of stores lost in most cases is "general". On the first page they are all "general". What is the reason for that?

The WITNESS: That is the general description or category of the stores. If in any instance you would like specific descriptions I can provide them for you. I can provide the actual stores involved or covered by the item.

Mr. HARKNESS: What you mean to say is that in so far as the navy is concerned these particular stores come under their general heading of "general stores"?

The WITNESS: That is right.

Mr. HARKNESS: When "general" does not appear it is under some other heading such as clothing?

The WITNESS: General stores, I am informed, cover all items except electrical stores, clothing stores, and provisions.

The CHAIRMAN: First page? Second page? Third page, item 3? Item 4? Item 5? Item 6? Item 7? Item 8? Item 9?

Mr. MACDONNELL: What do you want us to do? After all, here again this means nothing.

The CHAIRMAN: I assumed you would want specific information about some of these items that are of most interest to you.

Mr. MACDONNELL: Only on substantial amounts?

The CHAIRMAN: May I suggest that there are some items here that will appeal to you as being worthy of some attention. Pick out those which you think are worthy of consideration and ask your questions—ask for the information? If the small items do not appeal to you, just pass on.

Mr. DICKEY: I thought that was what we were supposed to do over the weekend?

Mr. FULTON: I have a number of them. Do you want me to give them as a list?

The CHAIRMAN: As we come to them.

Mr. ADAMSON: I would like to refer to No. 6.

The CHAIRMAN: Esquimalt?

Mr. ADAMSON: No, Digby.

The CHAIRMAN: No. 6 is Esquimalt.

Mr. HARKNESS: Losses due to theft, fraud, and so forth?

Mr. ADAMSON: I am dealing with the supplementary list.

The CHAIRMAN: Esquimalt 6; Naden 7, Royal Roads 8, Naval Headquarters 9, Dartmouth 10, Cornwallis—that is the end of that.

Now we have Cornwallis, 1; Dartmouth 2; Halifax 3; Esquimalt 4; Halifax 5; Point Edward 6; Esquimalt 7; Dartmouth 8.

Mr. FULTON: Under No. 1, Cornwallis—

The CHAIRMAN: Yes, under that.

Mr. FULTON: The third serial or item under that general serial dated 11-5-51—loss of personal furnishings in married quarters—value of the loss: \$600—finding administrative authority: careless disposal of smoking material. That is a case where I think the loss is not solved and it would be interesting to know what was done with respect to that.

May I ask firstly whether a court of inquiry was held? If so what were the findings; and secondly, what action was taken as a result both with respect to the recovery of the loss and with respect to improving the precautions or other disciplinary action?

Mr. McILRAITH: Can we follow that through?

The CHAIRMAN: Let us clearly understand it—let us have the information.

The WITNESS: The item under discussion represents personal furnishings in the married quarters in question—which would be the furnishings of the individual who occupied those quarters.

Mr. FULTON: Because it was included here in the value of the loss I assumed it was a loss of government department stores or property.

The CHAIRMAN: I am told it should not have been included. It is an error.

Mr. McILRAITH: How many of those should not have been included?

The CHAIRMAN: Let us get to that and find out.

Mr. BENIDICKSON: Let us ask at this point whether that class is generally distributed through all these papers?

The WITNESS: There may be one or two items.

Mr. DICKEY: There is another one on the previous page.

The WITNESS: Every fire in the navy is listed—whether it is personal or public property, so there will be other items.

*By Mr. Applewhaite:*

Q. May I ask in that connection has the navy or the taxpayer been put to any expense? Was there any payment of the people who suffered the loss—payment out of public funds or anything of that sort?—A. There would be no payment in a case of this kind.

Q. Nor replacement?—A. Nor replacement.

Mr. McILRAITH: I do not think we want to concern ourselves with that type—

The CHAIRMAN: They took us literally. We said “all fires”. In the navy they have a habit of reporting them all. This is the first complaint about too much information.

Mr. FULTON: There is another item. May we ask about Dartmouth?

Mr. WEAVER: How much would items like this represent—in the total?

The WITNESS: I will have to get you a list. I will find out precisely how much is included for that type of item.

The CHAIRMAN: R.C.A.F. station, Dartmouth?



Mr. PEARKES: In the third item, \$2,200, arising out of excessive heat from circulating fan, were there any reports prior to the date of the fire, which was on 4-11-51, as to when that circulating fan was last inspected; and was there any suggestion that it was an inefficient fan, and if so, what steps have been taken to replace the fan, and other fans in similar hangars?

The WITNESS: I have not that information in my head but I will certainly provide it.

The CHAIRMAN: The next page?

Mr. HARKNESS: In connection with that first item, a loss of \$1,500, clothing stores and damages to buildings. The findings are: careless disposal of smoking materials. Actually that is the only one, going through this over the week-end, which I had marked as a case which might be of some value—one case on which it might be of value to have the findings of the court of inquiry or the findings or report or whatever was made on this—and particularly with respect to the action that was taken to prevent this sort of thing recurring. I wonder if the officials have that information?

The WITNESS: First of all, with respect to General Pearkes question, the building—that is the hangar—I am told was inspected at six month intervals and in no inspection report was there any indication of the circulating fan being defective.

Mr. PEARKES: How many of those fans do they have in a hangar?

The CHAIRMAN: Just one moment, General, please—

The WITNESS: In respect to Mr. Harkness' question I have not got the court of inquiry here. The finding I am told was that they believed the fire started as the result of a cigarette butt that was put into an ashcan at about noon on Saturday. The fire actually broke out on Sunday evening.

Mr. FULTON: Were they able to trace the person who put the cigarette butt there?

The WITNESS: They were not able to trace the person responsible.

Mr. McILRAITH: Let us just see what happened in that case.

The CHAIRMAN: Mr. Armstrong, I think Mr. Harkness is entitled to have the findings and the report of the action taken.

Mr. BENEDICKSON: Maybe he does not want it in that particular case.

Mr. HARKNESS: If I may say so, in going through these, this looked like a case where some sort of disciplinary action or other action should be taken to prevent occurrences of this nature in future. It was a fairly sizeable loss which looked as if it might be due to carelessness—in other words that should not happen.

The WITNESS: The action that was taken to prevent similar fires occurring in the future was that instructions were issued that all ashcans should be covered, that the individual in charge of the particular establishment after closing hours would arrange for the inspection of the contents of the ash cans with a view to eliminating the possibility of similar fires starting in the future.

Mr. STEWART: Is there any suggestion made that ashcans be removed somewhere else—to a less dangerous point?

The WITNESS: The instructions now are that when business is closed, ash cans must be taken outside to a safer area.

The CHAIRMAN: Please allow Mr. Harkness to finish.

Mr. HARKNESS: May I ask further then, if those same instructions which were issued to Cornwallis as a result of this fire breaking out were made general throughout naval establishments—as far as this sort of thing was concerned?

The WITNESS: Yes, they were.

Mr. McILRAITH: Well, let us see the findings in this particular case—

The CHAIRMAN: Let the man who asks the question exhaust it.

Mr. HARKNESS: It seems to me the only value we can get out of a question of this sort is to find out what remedial action was taken and if it was made general throughout the service. If that has been done I do not think there is need to spend any more time on it.

The CHAIRMAN: Well, gentlemen, there is one more question outstanding. General Pearkes asked it—what was the question, General?

*By Mr. Pearkes:*

Q. I want to know more about these fans. I presume there is a fan in each hangar used in the navy or air force—I do not know whether there is just one or more of them but it seems to me a most unusual cause for a fire—excessive heat caused by a fan.

Now, is the same type of fan used in other hangars across the country? Are other fires caused from this fan? I would like to get an explanation of that because here may be a case where we have a poor type of fan being used.

Is the fan affixed to wood and can we get a full description of this fan and how it developed excessive heat?—A. There are approximately ten or twelve fans in each hangar and the purpose of that sort of fan is to circulate heat in the hangar. In this case there was a short circuit, I am told, in the motor—which caused overheating and resulted in the fire. It was a defective motor that resulted in causing the fire.

Q. This fan was inspected, you say, six months before?—A. Inspection is carried out every six months but I will have to get you the exact period of time before the fire.

Q. This was right at the beginning of the winter. If the inspection had been carried out in the spring it really would not have been very effective. You would think the inspection should have been carried out immediately before the winter season started.

The CHAIRMAN: Mr. Applewhaite.

Mr. APPLEWHAITE: I was going to make a remark on H.M.C. Dockyard—it applies equally to this question in the air force but I have particular reference to the dockyard—if there was an inquiry made. We spent an hour and a quarter discussing what we were going to do when reports were asked for—and it was suggested the conclusions and findings of fact in investigations, together with recommendations if any be submitted to us. I got the impression that request was not too wholeheartedly welcome but I would ask in both these cases that there be filed with this committee the findings of fact resulting from whatever investigation was held, together with suggestions made for improvement as a result of that investigation. After that has been done we should have the right, if we see fit, to follow up whether those recommendations were carried out and how effective they were. I would make that request for both items.

The CHAIRMAN: Mr. Applewhaite, the reason that was not done was because the member who asked the question did not insist on it.

Mr. APPLEWHAITE: I was not disparaging the witness.

The CHAIRMAN: No, not at all. As a matter of fact I suggested it should be done when Mr. Benidickson took me to task, quite rightly, and said it was not proper—but now you are asking for it?

Mr. APPLEWHAITE: Yes.

The CHAIRMAN: It shall be done.

*By Mr. Stewart:*

Q. I have one question regarding the loss at Cornwallis. We were told that instructions had been sent out pretty generally that there was more care to be taken and specific instructions given how to do so. This loss of \$1,500 at H.M.C.S. Dockyard occurred on the 27th of April, referring to the previous case, and the furnishings loss was on the 11th of May. Would the instructions have gone forth from Halifax to Digby or from headquarters to Digby in that time?—A. I have not got the exact date on which the instructions were issued—but I believe it is unlikely they would have reached Digby in that period of time.

Q. What instructions did you give in connection with that terrible habit—to which I am addicted—of smoking in bed? I do not know how you stop it.

Mr. BENIDICKSON: There should be an amendment to the Criminal Code.

The WITNESS: There are definite instructions prohibiting smoking in bed. When cases are found where smoking in bed has taken place, then appropriate disciplinary action is taken.

The CHAIRMAN: We are now on item IV "H.M.C.S. Stadacona, Halifax, N.S.; item V, Point Edward Naval Base, Sidney, N.S.; item VI W/T Station, Albro Lake, N.S.; and item VII, R.C.N. Air Station, Dartmouth, N.S. Canadian Navy write-off."

*By Mr. Fulton:*

Q. With respect to items 1, 2, and 3 under this heading, there is a total of write-offs amounting to \$57,424.56; and the reason for the write-offs and in the same column I do not quite understand what the situation is. For instance, the remark says:

"Compensating adjustment included in surpluses deficiencies and offset."

That is given as the reason for the write-off. I am not able to understand how the amount of the write-off is explained by the comment under that column. I wonder if the witness could possibly tell us exactly what happened under each of these items, whether there was actually any cost to the taxpayer as a result, or if it is purely bookkeeping?—A. Write-offs of this kind take place following an investigation or stock-taking, and a reconciliation of the stock with the stock cards, and the balances shown there. Some of these losses would undoubtedly represent a loss to the public, stores which have disappeared in one way or another during the period covered. In other cases, probably the larger proportion of them, would be due to errors in bookkeeping, and to some extent in shrinkages and wastage and in stores that become unaccounted for in the sense of wrong nomenclatures, being given to them and the error is not picked up. As far as possible, or to the extent that it is possible to bring the stores together, that is, stores of a similar character, for example, shirts, and sizes of shirts where one size may be short and another size surplus, this would be offset one against the other. You will note that in these cases there are considerable surpluses in any case, and it is not possible to trace all of these things through; and in some cases surpluses that are shown would undoubtedly represent an offset to a deficiency which we have been unable to trace precisely.

Q. Consider the second item. Do I understand from what you say that \$39,234.38 is for deficiencies arising from the sort of reason that you gave? Nevertheless, if it represents a surplus of \$30,082.14, it would be offset against the write-off, reducing the total discrepancy to something in the neighbourhood of \$9,000?—A. That is the total deficiency, that is quite right. That is the net deficiency. However, as I have said, it has not been possible in all these cases to trace exactly one offset against the other.

Mr. STEWART: Was there any reason to suspect theft at Esquimalt, or are all these legitimate losses, and so on?



The WITNESS: There would be no reason to suspect theft in the sense that one might identify any loss by theft. These losses are investigated, and, of course, if there is any indication of theft, an inquiry is instituted immediately to exhaust that possibility.

Mr. WEAVER: In these first three items, having regard to the surpluses and the actual write-offs, there is actually a surplus in the total of the three, although there is a write-off. In fact, there is really no loss. There is actually a surplus?

The WITNESS: There is a surplus in this case. Of course, maladjustments in the accounts may take place between this depot and a unit. You may possibly have a deficiency shown on one, and a surplus shown in the other, and the result is that they would offset each other, if it were possible to trace it through to the place where you could find it precisely.

Mr. WEAVER: And that represents total holdings of \$38 million?

The WITNESS: That is right, \$38 million.

Mr. FULTON: Is it not peculiar, in view of the total write-offs and the surplus, that you get a net surplus of something in the neighbourhood of \$5,000? What happens then? You have got \$5,000 more stores, when you finish up than when you start?

The WITNESS: That is possible. As I have said, it is possible for two reasons: first, the deficiency, or surplus, may show up in the unit account. On the other hand, there may be—and I think it would be the case in these particular items we are looking at now, particularly at Esquimalt—some instances where stores which have been put into the depot during a period of demobilization have not all got on charge, so you may have some surplus occurring during this period on that account.

The CHAIRMAN: That is items 1, 2, and 3.

*By Mr. Adamson:*

Q. What about the possibility of clerical error? Could there be a wrong description of the item? I have heard, for instance, that "caps, fur", have been removed and "caps, cooks", substituted therefor. One will cost a matter of several dollars while the other will cost merely a matter of a few cents; and then, in the case of sewing machines, treadle sewing machines have been substituted for electric sewing machines. Would that come under the heading of clerical error?—A. Clerical error would cover the case of incorrect nomenclature. These items are catalogued and given a serial number. In some circumstances when the unit makes a demand on the depot, it will state alternatives, in case the depot is unable to supply them with the item they request. Therefore another item may be issued in lieu of that which was requested. It sometimes happens that the item is not available for the unit and the clerks in preparing their documents, the issue vouchers and so on, through error, would put on what they thought was the proper nomenclature, and use the original one as against the alternative. And on occasion these are not picked up, which results, when stock taking is done, in some difference between the books and the stock.

Q. Have you had, for instance, an item in your stores, let us say, a thousand fur caps, which are useful things to keep your head warm in the winter, and you discovered that they were cook's caps, which are just cotton things. Would that go down under the item of clerical error?—A. That I think would not likely happen. I would not say that it could not happen, for I suppose it might; but the system under which these stores are handled now provides that the manufacturer, that is, the person who makes and ships in the item, is supplied from the ordnance depot or stores depot with a sticker to put on his

package, which states specifically the catalogue number of the item. That procedure is designed to over-come some of the errors which caused a great deal of difficulty when stores were sent in by manufacturers, and had to go through the books, and be given a nomenclature; when there might be a difference of opinion. There are, I think, probably 200,000 or 300,000 items, and you can readily imagine, in handling all of these things, that on occasion one will put on the wrong catalogue number. These things do happen, and they result in surpluses and deficiencies.

Mr. HARKNESS: Would it be true to say that it all comes down to this: the general logging of stores is not such that you can tell whether these things are actually deficiencies or over-issues to some other unit, or, on the other hand, whether the stock has been stolen or has otherwise disappeared?

The WITNESS: Generally, the system is such I think that it might be possible to trace every single item—perhaps not every item—as there are cases where it could not be done, but it would mean taking all of the transactions in complete detail and going through and investigating them and attempting to trace these small items. As long as the losses are regarded as being in reasonable proportion, to the size of the operations, we do not think it is worth while making that effort.

Mr. APPLEWHAITE: Is there a periodic stock-taking similar to that of a commercial firm, and if so, how often, and is it taken in all divisions?

Mr. BENIDICKSON: That has all been given in the 16 pages of mimeographed sheets, for the navy, which were handed out the first time we met marked Exhibit B.

The WITNESS: The answer is already on the record.

The CHAIRMAN: Yes. Now, item IV "Central Victualling Depot, Halifax, N.S." and item V "Central Victualling Depot, Esquimalt, B.C."

*By Mr. Pearkes:*

Q. Does item IV include foodstuffs or is the write-off concerned only with furnishings and equipment?—A. Item IV? That is foodstuffs.

Q. You say it is foodstuffs?—A. That is right. It does not include any furnishings.

Q. You say it does not include furnishings at all; and it does not give any explanation for the reason for the write-off. You are sure of that?—A. Yes, I am positive that that is only food.

Q. That is not butchers' knives that get away?—A. No.

Q. You say it is straight food?—A. Losses on foodstuffs.

Mr. STEWART: Does that include rum?

The WITNESS: I said, "It does include the rum supplies."

Mr. PEARKE: What is that? I could not hear the answer.

The WITNESS: I said, "it does include the rum supplies."

*By Mr. Harkness:*

Q. With respect to the losses in the two victualling depots, Halifax and Esquimalt, you say they include all losses on foodstuffs, and rum, including spoilages, thefts, and so on?—A. I would include all losses, yes. There are thefts, of course, but the thefts are reported separately. This does not include thefts.

Q. These are losses apart from thefts?—A. They are losses apart from thefts, yes. These are the write-offs, as I explained before, and they would include spoilages, wastages, evaporation, and so on.

*By Mr. Lesage:*

Q. Would they include undiscovered thefts?—A. Yes, if there were undiscovered thefts, as to which no one had information at all, and there was no suspicion, and we knew nothing about them they would be here.

Q. A cook might, for instance, just steal a ham and get away with it at night. That would be included in this, would it not?

The CHAIRMAN: Cooks don't steal, they take.

*By Mr. Pearkes:*

Q. It seems to me that \$8,700 is a fairly substantial write-off. I have never been in the grocery business and I do not know, but it does seem, where you are indenting for stores with a certain fixed establishment, that is an excessive amount of write-off for spoiling of foodstuffs.—A. General Pearkes, the estimate of holdings, I think, is misleading in this case, in judging the proportion of write-offs. The turnover during a year at this particular depot is approximately \$1,200,000 and the percentage of discrepancy on the basis of turnover, which is the way in which commercial transactions would be judged, is .73 per cent.

Q. So really, instead of basing that \$8,700 on the \$223,000 which you have based it on, it should be— —A. \$1,200,000.

Q. \$1,200,000; and then, in relation to that \$1,200,000 on a normal day or on the day of inspection you had in this depot foodstuffs and stores to the value of \$237,000?—A. That is right; \$237,000 represents the stockholdings there at that particular time.

Q. You say that \$237,000 represents the stockholdings there at that particular time. Does the write-off represent a whole year, or how long?—A. This was for a year.

Q. You say that was for a year; the write-off for spoilings?—A. That is right.

Q. Then that is not excessive. But the way you have got it here looks very excessive.

*By Mr. Weaver:*

Q. Should not the surplus be balanced against that write-off?—A. Yes. I think they should; but we would not balance it against it unless we could specifically identify the items. It should be done; but, as I explained before, it is not possible to do so without a great deal of research to determine exactly which item in the surplus should be offset against the deficiencies.

Q. For the purpose of arriving at a percentage, would that be taken into account?—A. I think it might be, yes, but we have not done so.

The CHAIRMAN: I think we have made considerable progress today. It is now 1:00 o'clock. We shall adjourn until the next meeting.

The committee adjourned.















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Canada Defence Expenditure  
Special Committee 1952

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HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

Physical &  
Applied Sci.  
Serials

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

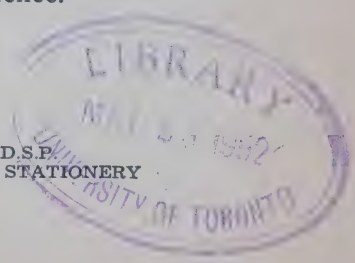
No. 8

THURSDAY, MAY 15, 1952

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),  
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952





ORDER OF REFERENCE

FRIDAY, May 16, 1952.

*Ordered,*—That the name of Mr. Hunter be substituted for that of Mr. Lesage on the said Committee.

Attest

LEON J. RAYMOND,  
*Clerk of the House.*

## MINUTES OF PROCEEDINGS

THURSDAY, May 15, 1952.

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Campney, Croll, Dickey, Gauthier (*Portneuf*), George, Harkness, Henderson, James, Jones, Larson, Lesage, Macdonnell (*Greenwood*), McIlraith, Power, Pearkes, Stewart (*Winnipeg North*), Stick, Thomas, Weaver. (23)

The Chairman undertook to provide an answer to a question of Mr. Macdonnell relating to a tender for tea pots.

The Chairman presented the Fourth Report of the sub-committee on Agenda as follows:

"Your sub-committee on Agenda held its sixth meeting on Wednesday, May 14, under the chairmanship of Mr. David A. Croll, Chairman.

*Present:* Messrs. Applewhaite, Campney, Dickey, Harkness, Macdonnell (*Greenwood*), Stewart and Thomas.

Your sub-committee had for consideration a communication of the Minister of National Defence inviting the Members to visit outstanding military establishments, stores and installations.

Your sub-committee recommends a visit to No. 26 Central Ordnance Depot in Ottawa (Plouffe Park), on Monday, May 19, 1952."

Mr. Pearkes called the attention of the Committee to the Dominion Convention of the Canadian Legion to be held on Monday, May 19. Thereupon, the date of the visit to Plouffe Park was changed to the 26th, the following Monday.

On motion of Mr. Benidickson, the said report was adopted as amended.

The Chairman tabled the following returns:

No. 20.—Findings of administrative authority relating to loss due to damage to Building—H.M.C. Dockyard, Halifax, N.S.—(*see appendix 20 to this day's evidence*)

No. 21.—Findings of administrative authority relating to loss due to damage to Hangar—R.C.N. Air Station, Dartmouth, N.S. (*see appendix No. 21 to this day's evidence*).

The Committee resumed its examination of the witness on Exhibit B. (Losses, etc. Navy).

Mr. E. B. Armstrong was called.

In the course of this examination, the witness undertook to table, at the next meeting, a chart showing commands, etc. relating same to page 4 of the witness' statement read on May 6, 1952 on control of material and stores.

At 12.55 o'clock p.m., the Committee adjourned to meet again on Tuesday, May 20th at 11.00 o'clock a.m.

ANTONIO PLOUFFE  
*Clerk of the Committee.*





## EVIDENCE

HOUSE OF COMMONS,  
May 15 1952  
11:00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

**Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence, called:**

Mr. MACDONNELL: Could I have just half a minute, Mr. Chairman, please? You will remember that I brought up forks once and now I want to bring up tea pots. I have note of a contract of last October which was made, I think, with the army, for 29,630 tea pots, each of two quarts capacity. That seems to me a terrific number of tea pots for the army. I wonder if the official here would find out about that for us.

Mr. BENIDICKSON: Has this been referred to the agenda committee, Mr. Chairman?

The CHAIRMAN: No. Perhaps it would have been better if it could have been brought to the attention of the committee and a report on it asked for, but now you have brought it up, Mr. Macdonnell, I will see that a report on it is brought forward.

Mr. HARKNESS: I think the procedure we decided upon was, that if a member wanted an answer to a question of any sort, he could bring it up here and then at the appropriate time the officials would provide the answers.

The CHAIRMAN: Very well. It will be provided.

Now I have before me a report of the sub-committee on agenda which reads as follows:

(See Minutes of Proceedings).

I think that is Monday next.

Mr. PEARKES: Monday, May 19, Mr. Chairman, is the opening day of the Dominion Convention of the Canadian Legion and I think that a certain number of members of this committee will be very anxious to attend that dominion convention. So unless this visit is going to be held during the hours in which the House is sitting so that we might possibly be able to attend an evening sitting, I would suggest, Mr. Chairman, that some other date might be more suitable.

The CHAIRMAN: We canvassed for a suitable date, but it was difficult to find a better one. So we finally decided on it. It had not occurred to me or the members of the committee and I do not know just what we can do about it.

Mr. STICK: How many members are going to Montreal for the Legion convention, Mr. Chairman?

The CHAIRMAN: I suppose General Pearkes will be going.

Mr. APPLEWHAITE: I was on the agenda committee and I supported the report which you are now bringing in, but I think we must admit that none of us took that into consideration. I would suggest therefore that serious thought be given to trying to get a date which would not conflict with a convention of that sort.

The CHAIRMAN: Then what about the following Monday, May 26? Does that suit everyone? Very well, there is no objection so we will change the date of the visit to Monday, May 26.

Carried.

I have here an answer to a question asked by Mr. Applewhaite in reference to a fire dealing with "clothing stores, damage to building H.M.C. Dockyard, Halifax, N.S." It is the "findings of administrative authority". I have this report which will be incorporated in the record.

(See Appendix 20)

I also have an item, serial II, "Losses due to fire naval list—damage to hangar at R.C.N. Air Station, Dartmouth, N.S.—loss \$2,200". It is the "findings of administrative authority".

(See Appendix 21).

Mr. APPLEWHAITE: Mr. Chairman, will you see to it that an opportunity is provided for us to question on that report later?

The CHAIRMAN: Yes, I will.

Now, if you will turn to your exhibit B, about five pages from the bottom—they are not numbered—you will see that we were at "Victualling depot, item IV, Halifax; Royal Canadian Navy." It is five pages from the bottom: At the time of adjournment we were at item 4 which we had just concluded and had passed on to item V.

*By Mr. Stewart:*

Q. Mr. Chairman, in view of the turn-over of stock being, I think, about five to one, I wonder if Mr. Armstrong could tell us how frequently checks are made of the stores on hand?—A. The stock-taking at these depots is made monthly. And in the case of some items the practice is to make periodical checks during the month.

Q. Who is responsible for the stock-taking on this monthly basis?—A. The officer in charge of the depot and his staff. This does not take the form of an audit but is a check made by the store keeper himself.

Mr. JAMES: Mr. Chairman, I wonder if Mr. McNamara is back here any place? Mr. Ross is looking for him.

The CHAIRMAN: Now, item V? item VI? item VII? and on the next page item VIII? item IX "supplies school"; item X "Royal Roads"; item XI H.M.C.S. "Stadacona"; and item XII?

Mr. MACDONNELL: Could we have a word of explanation about item XI, Mr. Chairman?

The CHAIRMAN: Yes, item XI H.M.C.S. "Stadacona".

*By Mr. Macdonnell:*

Q. Mr. Chairman, it is the reason for the write-off that I do not fully understand. It says:

Issuing errors due to nomenclature, sizes, etc. Surpluses on making offsetting adjustment.

That wording may mean something to a sailor, but it does not mean anything to me.—A. As I explained last week, Mr. Chairman, with reference to "nomenclature", all the items in stock in these warehouses have a serial number, or a catalogue number, and instances occur where, in issuing, the wrong catalogue number is assigned, and the error is not picked up. This results in a consequent shortage or surplus. That is one type of error in "nomenclature".

An other type of error that one would find might be an incorrect issue, that is, items which are incorrectly counted when issued. Then there would be minor breakages which might not have been properly accounted for at the time they occurred. In the unit under consideration this would include provisions, that is, foodstuffs, losses due to spoilage, evaporation, and that sort of thing.

Then there might be items damaged in transit of which no proper record was made at the time. That is an error. And there might have been, in some instances, condemnation of stores that had not been properly recorded at the time. This sort of thing is due in part to wastage and to human error in making entries, incorrect counts and so on. Some of these are not picked up, and as a result, at stock-taking time, there is some difference between the stock counted and the balances shown on the stock cards. This is the adjustment which resulted. In some cases there would be a surplus and in others a deficiency.

Q. But the net result would be that you have a write-off of \$7,000 and a surplus of \$6,600.—A. The real loss would be the net difference.

*By Mr. Henderson:*

Q. That would be \$452.90, as a result of the write-off?—A. Actually, we write-off the whole \$7,000 because these are write-offs in particular items. We take on charge surpluses, and the net difference is the loss.

*By Mr. Pearkes:*

Q. Did the experienced personnel referred to envisage ratings or civilian personnel?—A. I presume there would be both, but I am not sure. They are all naval personnel at "Stadacona".

Q. Are there no civilian personnel employed at all at "Stadacona"?—A. There is none in the clothing stores. But there are civilians in the provision stores, the victualling stores, and the unit stores. There is also civilian help in the general stores and in the barracks, camps, and hospital stores. The only one which is completely staffed by naval personnel is the clothing stores.

Q. Who would be responsible, really, for the making and keeping of the accounts in those stores, naval or civilian personnel? It would not be the man who is just handling the stores who is responsible?—A. The supply officer, of course. Perhaps I should point out that this is not a depot but a barracks, that is a unit, and the supply officer is, of course, responsible. He is a naval officer and he is responsible for those stores. Under him, as I have said, there are only naval people handling the clothing section. But there are civilians employed in other sections. I have a breakdown of the amounts of the total deficiencies and surpluses by sections, if you would like to have it.

Q. I do not think that is the point. It is a limited number of people who have been keeping the records. There is no question here of the stores being missing, or anything like that. Actually, the individual who places garments, or canisters, or furniture in a locker or in a pile is not concerned. This is a straight bookkeeping error.—A. I could not tell you.

Q. It is really an error due to nomenclature; and what I am interested in is to know whether this bookkeeping error has arisen through the employment of civilian personnel who are not familiar with the names of the different classes of articles, or whether it has arisen through some inexperienced naval ratings. It would seem to me that has a direct bearing on the whole policy of the employment of civilian personnel in this kind of work.

Mr. BENEDICKSON: How many of these would there be?



**THE WITNESS:** I do not know. I will have to get you the number, if that is what you want, of civilians and the number of naval personnel working on the accounts.

*By Mr. Pearkes:*

**Q.** This is a bookkeeping error; it is the calling of certain stores by the wrong names; there is no great amount of money involved, but there has been a great loss of time through these errors, because it means that someone would have to go back through all these stores to change the bookkeeping entries. The actual amount of money lost is insignificant. It is the amount of time lost, and it is very considerable, and would only come to light after inspections had been made by senior personnel or by the supply officer himself. Therefore, if we can eliminate loss of time, we are saving the country a great deal of money. I would like to know how these errors were discovered, and if possible the nature of the personnel and so on, because, as I repeat, it is not a question of the actual money, but the loss of time in correcting these errors; and after all, an error is an error and it must be eliminated. I would like to see how it could be done.—

**A.** I will get you information as to the number of personnel. I agree that one of the main objectives that we are continually attempting to achieve is the simplification of these procedures, and the employment of people who are capable of carrying them out without error. I do not suppose we will ever get to the point where we can eliminate errors altogether. I think I did mention at one of the earlier meetings, perhaps the first meeting, that the navy are now preparing a complete catalogue of their stores. They had, up until about 1949, used the catalogue of the Royal Navy. But as they began to use more stores of Canadian and American design and origin, they found it necessary to prepare their own catalogue which is a very long process. They have completed a number of sections of it already, but it will probably take another two years before it is entirely completed. This catalogue will be a considerable help in overcoming the kind of difficulty that you have been describing.

**Q.** I appreciate the difficulty, because everybody is always amused the way the Ordnance Corps have twisted around the titles of equipment, and it may be possible that the further this investigation is carried out you may find a simpler way of describing the different stores, a simpler way of being able, in the ordinary accounting of these stores, to prevent these errors, because we must all admit an error of accounting, no matter how small it is, causes a great deal of waste of time even if there is no money involved at all, and anything we can do to simplify this system of accounting will certainly be in the interest of the services and the interest of the public generally. I am not familiar enough with the whole system, but I know that the titles given to the different types of stores are often very confusing and there may be some simpler method that can be found.

**MR. MACDONNELL:** Could the witness tell us just what part of the memorandum he read to us would be applicable to this? I have been trying to find it myself. Would I be correct in saying that on page 4 of the mimeographed statement on control of materiel in the Department of National Defence, the middle paragraph, titled "Permanent Stores", is applicable? If so, I would like to read a paragraph from it—

**THE CHAIRMAN:** Just let the witness say what part is applicable before you read, Mr. Macdonnell. You may not be in full agreement on that.

*By Mr. Macdonnell:*

**Q.** The paragraph I am looking at is on page 4, the middle paragraph, titled "Permanent Stores" under the same heading of Navy.—**A.** No, there are several sections that apply.

Q. That would be applicable?—A. It would in part.

Q. But then would you read just what that says?—A. Permanent stores?

Q. Yes.—A. "Permanent stores are those which are not consumed in use and are for the most part distributed throughout the ship or unit in the various departments such as the executive department, shipwright, engineer, gunnery department, signals section, etc. The supply officer maintains ledgers which show receipts, issues and balances and also has columns showing the quantities of stores in each department."

Q. Could I ask a question there. Would that apply?—A. There are permanent stores listed here with the other items.

Q. May I just read this? "For each department, there is an inventory form on which the head of the department signs for all stores in his department. He in turn prepares custody records . . ." Now, this item we are looking at—would there be, pursuant to what I have just read, an inventory form which the head of the department would sign for the stores in his department?—A. There certainly would be an inventory form.

Q. The head of the department—what rank would he have, what responsibility would he have, to whom would he report?—A. On H.M.C.S. "Stadacona" he would be either a lieutenant commander or a commander.

Q. I am not especially familiar with the range of duties of a lieutenant commander. Would it be unreasonable to expect him to satisfy himself on this point, or does he take this information from some junior people? Where is the mistake localized? Suppose he signs it wrongly and he should not have done so?—A. Perhaps there is some misunderstanding here. He would not be expected to sign for all the things we are discussing here, but only for the stores that are in use in his department.

Q. I understood you said only part.—A. That is the beds, the chairs, the desks, and that sort of thing.

Q. Could we have some of the items which are in question here, and then it seems to me we would have a better appreciation of this. We would then know if it is fair for him to know about it or not.—A. I have not got information on specific items of permanent stores that were lost. It is available in the department, and we will telephone and see if we can get it at this meeting.

*By Mr. Pearkes:*

Q. Could we get some idea of the size of this station, what rank would the supply officer be, and how many of these departments under charge of a commander or other ranking officer would there be?—A. The supply officer is a commander.

Q. The supply officer is a commander?—A. Each of the sections or each of the schools, which is part of the H.M.C.S. "Stadacona" establishment would also be under a commander. He is the officer in charge of that school. The supply officer in "Stadacona" would have approximately five junior officers under him as supply assistants.

Q. Who would have them?—A. The supply officer who is the commander in charge.

Q. And he has some five lieutenant commanders in the supply branch, each in charge of a department under him, is that it?—A. I do not think they would be lieutenant commanders. They would be lieutenants and commissioned officers from warrant rank.

Q. Well, that is rather different to what you said.—A. Junior officers, I said.

Q. I think you said commanders or lieutenant commanders. However, it is all right.

The CHAIRMAN: Suppose we let that item stand for the moment; they have sent for some further information.

*By Mr. Macdonnell:*

Q. Another question—would each of those five juniors be entitled to sign this as head of the department, or would there just be one head?—A. The five junior officers would be authorized to sign for the head of the department, that is the commander.

*By Mr. Harkness:*

Q. Do I understand this supply officer is the commanding officer of H.M.C.S. "Stadacona"?—A. No, he is in charge of the supply section.

Q. Then you mean that is his rank?—A. Yes, his rank is commander.

*By Mr. Pearkes:*

Q. I think confusion arises in the word "department". It is really the head of the section of stores, is it not, that would generally be accepted as the meaning for the term "department"?—A. H.M.C.S. "Stadacona" as it is described here is commanded by a Commodore. At Stadacona there are approximately 2,000 people in the total establishment. This includes a naval barracks, a naval school, an electrical school, a torpedo school, and some others, which are under commanders. Now a supply officer, a commander is in charge of the supply department.

Q. Now, does he issue to all these separate schools? I presume he would?—A. Yes, he is responsible for all the supplies to these schools.

Q. All the supplies issued to the torpedo school, the navigation school, or whatever it may be, are issued by that supply officer. That is perfectly understandable. But what of the departments? Is there a department for each school or is there a department for a certain classification of stores? For instance, would clothing be issued to all the different schools from one department, or is there a department for each school?—A. The supply branch issues to all schools. In other words, you do not have a separate supply branch for each of these departments, as there is one supply branch for the whole of the establishment.

Q. That is, one supply branch for the 2,000 ratings?—A. That is right.

Q. Now, then we come to the breakdown of the supply branch, and you say that it is broken down into these departments?—A. The supply branch has in its organization a supply rating who is responsible for looking after the requirements of the individual schools.

Q. Is he the individual referred to as head of the department? Who is the head of the department?—A. No, the head of the department I think you are referring to is the supply officer.

Q. I am only referring to this paragraph here. I want to know who are the heads of the departments, presumably of the supply branch, what are their duties and do they deal with various types of equipment, or do they deal with one particular school?—A. Perhaps I have not made myself clear. There is only one supply branch, and the head of that is a commander. They supply the stores for all these schools. Within his organization he assigns certain men who are responsible for looking after the requirements of the individual school.

MR. MACDONNELL: Are these the five juniors?

THE WITNESS: Yes, they would be the juniors.

*By Mr. Pearkes:*

Q. They are the people who are referred to as heads of the departments, are they?—A. Where? In here?



Q. In this paragraph you have been reading out, on page 4. That is what I have been trying to get at.—A. Oh, no, I am sorry; the head of the department that is referred to here is the head of the school, that is the officer in charge of the torpedo school. These are permanent stores.

Mr. MACDONNELL: Going back to the document that I read earlier the head of the department, is the head of the particular department, that is, the shipwright department or the engineering department or the gunnery department in the school or section involved.

Mr. PEARKES: Now we are getting somewhere. He is the head of a certain section of stores?

The CHAIRMAN: Gentlemen, please.

The WITNESS: He is the head of a function, really; he is head of the engineering function at Stadacona, or he is head of the executive function at Stadacona. The supply function is another function.

Mr. DICKEY: Perhaps it could be cleared up this way, that the heads of those departments have wide responsibilities, including responsibility for the stores in their own departments.

Mr. STEWART: Mr. Chairman, my mind would be very much clearer on this whole situation if I could get a definition of unit, department branch and section.

Mr. POWER: We are preparing a dictionary!

The WITNESS: Mr. Chairman, I hope I can make this clear now. The "unit" in the navy would be H.M.C.S. "Stadacona" itself, that is, the ship or shore establishment. Now, these units are divided into departments—the supply department, the electrical department, the engineering department, the ordnance department, the medical department and the executive department. Within the departments there are sections which deal with the operations of that department. For example, in supply there would be the pay section, people who see that the people employed are paid, the naval stores section looking after that class of stores, victualling section looking after the victualling stores, the clothing section looking after clothing stores.

There would be an officer in charge of each of these sections who would be responsible to the officer in charge of the department. In the case of the supply department, these section officers would be responsible to the officer in charge of the supply department.

*By Mr. Stewart:*

Q. Are these all commissioned officers?—A. The section heads are normally commissioned officers—lieutenants.

Q. So you would have a pay officer head of the section, there would be a number of pay officers then, one for each of those seven or eight sections to which you refer?—A. A section in the supply department looks after pay. The supply department issues the stores of all other departments, also looks after the pay of all other departments.

*By Mr. Macdonnell:*

Q. But the fellow at the head of all of these is what is called the head of the department?—A. He is what is called the head of the department.

*By Mr. Harkness:*

Q. That is what is called the head of a section?—A. No, the head of a department—the supply department, engineering department, etc.

*By Mr. Larson:*

Q. Is there any rank for that or is it catch as catch can?—A. It depends on the size of the particular establishment. At "Stadacona" I am told they would probably be commanders.

Q. Full commanders?—A. Yes.

*By Mr. Pearkes:*

Q. All these departments service each of the schools which you have referred to? Where does the school situation come in?—A. These departments are responsible for their functions in all individual operations in the department.

Q. Is there any responsibility on the commandant of the school in question? The head of the torpedo school—what is his responsibility in regard to the stores?—A. The way the operation would work is that the torpedo school, for example, would come under the electrical section and the head of that department is the head of the school.

Q. The head of the school is also head of the department?—A. The head of the torpedo school is also the head of the department.

*By Mr. Adamson:*

Q. Then, the electrical section is the electrical school?—A. That is the case at "Stadacona".

Q. And the engineering section would be the engineering school?—A. Yes.

*By Mr. Pearkes:*

Q. And the engineering school supplies the engineering stores for all the other schools?—A. I have lost track of your question.

Mr. PEARKES: Might I suggest, Mr. Chairman—I do not think we are really getting anywhere at the moment—I think it is confusing and I am not in the least bit surprised that errors have occurred because honestly I am confused myself. I wonder whether this witness could come here next time with a chart showing us just exactly the chain of command and the method of issuing at this establishment?

The CHAIRMAN: An excellent idea.

Mr. PEARKES: If you attempt to take everything which has been said today, you come to the impression that to service 2,000 men there is a tremendous overhead of commissioned rank over all kinds of stores and there would be a lot of confusion. I do not believe that is actually what happens. We are all a bit muddled and confused and I think the chart would serve the purpose.

The CHAIRMAN: That will be done.

Mr. THOMAS: I just want to see whether I have been sufficiently confused or possibly am able to clear it up. I take it then, that each department—

The CHAIRMAN: Just a minute, Mr. Thomas. Let us not start that again. Do you mind, in view of Gen. Pearkes' request, that we have a chart here which will give you all that information?

Mr. THOMAS: Well, I think I can clear the thing up.

The CHAIRMAN: Fine.

*By Mr. Thomas:*

Q. Each department, whether it be the electrical branch or the medical or engineers' or whatever it may be, draws its supplies from the central supply depot at "Stadacona." The supplies are drawn through the C.O. of that particular department, is that correct, and the C.O. is directly responsible to the commanding officer of the establishment for those supplies that are on charge to him—is that the way it works?—A. Yes, that is right.

The CHAIRMAN: We will still bring the chart.

Mr. STICK: Mr. Chairman, I think we are forgetting that the navy is a silent service.

Mr. MACDONNELL: I think this point is important. I do understand or think I understand this, that there is a commander in charge of what is called the supply section and he has five junior officers and I understand that when we get to this question of signatures, the head of the department signs for stores and we were told a little earlier on that those five officers were entitled to sign and that the head of the department no doubt therefore, just passed along their signatures.

Now, what I am anxious to know, being quite ignorant of what goes on at a naval depot, is what are the duties of this commander, this head of stores? Has he a lot of other duties that he has to have five people looking over the stores and what other duties have they? Are they active and is the supervision of stores just an incidental part of their duties? On the face of it I do not see why this amount of delegation is necessary. I take it as it is now that we cannot hold the commander really responsible because the practice has arisen of allowing these other five fellows to sign and if you allow that practice to continue it would fall most heavily on the man who is allowed to accept other people's signatures. Is this man so busy that he needs these five different people, each of them with a bailiwick of his own?

The CHAIRMAN: Isn't that question likely to be answered more intelligently for us if we have a chart in front of us at the next meeting? We will then know exactly what we are talking about and we will not confuse units and heads of departments and formations and we can see exactly how it is all done.

Mr. MACDONNELL: I won't argue on that, but graphs are kind of inhuman cold things. I am all in favour of having a graph but I think we will still want to know what people do, how much work they have to do and whether they need all these—this is going to be something like the tree of the kings of England and I think we will get more confused with it.

The CHAIRMAN: Wait until we get the chart and then ask the questions on that matter. Mr. Armstrong says he can answer them better at that time.

The WITNESS: The volume of work that the supply officer would be responsible for might be judged, I think, by the size of the establishment. The establishment at "Stadacona" would comprise some 2,000 people. The supply officer in the navy, unlike the army, is responsible for pay, for victualling stores, which in the army are the responsibility of army service corps, ordnance stores which in the army are the ordnance responsibility, medical stores which in the army are the medical corps responsibility. He has a very wide responsibility and, in this particular case it is a very large establishment so that this man has a great deal of work in respect of stores and pay matters at "Stadacona" for which he is responsible.

*By Mr. Macdonnell:*

Q. How many other people are working on stores along with these five junior heads? You did not answer my question whether these men spent all their time on stores, these five?—A. They would work on stores, but would be available for other duties if there were an emergency. There are 28 naval persons employed on supervision of stores in the "Stadacona" supply department.

Q. That is 28 ratings, you mean, in addition to the commissioned officers?—A. They are ratings. There are 15 on general stores, barrack stores, naval stores, etc., 13 on clothing and provisions.



Q. Any civilians?—A. No civilians are employed in storerooms or on the accounts at "Stadacona."

Q. The reason I asked that was I heard you say "naval personnel" and I thought you were distinguishing between naval and civilian personnel.

*By Mr. James:*

Q. Is the estimate correct that there are \$5 million of stores there?

—A. That is the estimate but it would include permanent stores.

*By Mr. Benidickson:*

Q. These numbers you have just given referring to stores include people who supervise the work in connection with pay?—A. That is right.

The CHAIRMAN: Let us now wait until we see the graph and if there are any further questions—

*By Mr. James:*

Q. There is one other question that has nothing to do with the graph. As I heard you say earlier, you are now in a period of adjustment from British to Canadian designations?—A. Yes, we are in the process of compiling a new catalogue.

Q. I am wondering if these issuing errors as such might be put down rather than issuing errors to issuing changes or alterations of designations—would that hold?—A. No. As the new catalogue is completed, then new designations would be used.

*By Mr. Adamson:*

Q. Just one question here, as this is brought up. It is not quite along this section but I think it is pertinent. This is a school. Are we using American type or United Kingdom type, for instance, torpedoes? Could that be answered? I realize it is not quite along the same lines.—A. There would be both American and British type torpedoes.

Q. I would just like if that could be found out by the next meeting as to whether we have standardization with the Americans in the navy as we have in the army.—A. I will look that up.

The CHAIRMAN: Just let that stand.

*By Mr. Stewart:*

Q. Mr. Chairman, under section 11 you seem to be making the "Stadacona" a sort of guinea pig. That being so, how was the stores accounting originated? I suppose if it applies to "Stadacona" it applies to other establishments?—A. I find it a little difficult to answer that at the moment.

Q. You might make note of the question and when you bring the graph in bring me a complete answer.—A. All right, I shall do that.

Q. I do not want a very detailed answer but I want to trace it down to their practices and customs today. Are we following the same methods? Are we following new methods and, if so, on whose advice are we following new methods and is it anything based on experience? Have we, for instance sought the advice of the Auditor General of Canada who should have a lot of experience as to how this should be put into operation and also another question which perhaps you might be able to answer here? I cannot see why it should take two years to complete a catalogue. There may be a very good answer for it but it seems a long time.—A. The catalogue will include 200,000 to 300,000 items when it is completed. Each of the items must be described in detail and in such a way

that there will be a minimum possibility of one item being mistaken for another one, with the object of eliminating errors in nomenclature and in classification.

This job has been progressing now, for two years. It is less than half done. It is an extremely detailed piece of work. It is rather difficult to explain why it cannot be done in less time. It is a technical operation and I can bring you a catalogue and show you the sort of thing that is being done. Perhaps that would enable you to appreciate the problem that is involved.

*By Mr. Adamson:*

Q. Wouldn't it almost be a continuous operation?—A. Yes, it would be a continuous process. There would be changes continually as new pieces and different types of equipment are produced.

*By Mr. Stewart:*

Q. Once you have started on the new catalogue now it will be continuous?—A. That is right.

MR. PEARKES: May I just make one observation? May the chart which is to be prepared be related definitely to this statement on page 4?

The CHAIRMAN: "Stadacona"?

MR. PEARKES: Regarding "Stadacona"; but on page 4 there is control of materials and we can then follow it.

*By Mr. Larson:*

Q. When the lieutenant in charge of the electrical department issues something to the torpedo school, would the head of the department, that is the commander in the torpedo school, would he take that on his personal charge or does he have a sort of stores section within his own department in the school?—A. He would take it in his charge on what is called a "custody record card," which he would have to sign.

Q. He would be responsible?—A. Yes, these stores are under his charge.

Q. He would probably have an assistant to look after the stores. I hope the chart includes just who is responsible in, for instance, the torpedo school for what is issued to it?—A. Yes.

*By Mr. Applewhaite:*

Q. In connection with the answer given to Mr. Larson, would the same procedure apply whether these stores were consumable or of a permanent nature?—A. No, if these are consumable stores they are described in the paragraph below this one on permanent stores and there is no inventory custody record card in that case.

The CHAIRMAN: Now, gentlemen, let us tear ourselves from "Stadacona". We are now at headquarters naval aircraft. If there is nothing much in that, over on the next page—

MR. PEARKES: There is a write-off of \$385,000. You cannot say there is nothing on that.

The CHAIRMAN: I say if there is nothing in that.

*By Mr. Pearkes:*

Q. I think we must ask how many aircraft would crash and the type of aircraft which would crash?—A. This covers three Firefly aircraft which were lost—two of them from "The Magnificent" and one lost at sea after engine failure; four Sea Furies, one of which crashed during winterization trials, two

were lost at sea after presumed engine failure and one crashed into a lake. It also includes a small item of \$2,000 for one Pratt and Whitney engine which was damaged in a crash, and \$3,000 for one Griffin engine which was damaged through internal engine failure.

*By Mr. Jones:*

Q. At the bottom of the next page there is a similar item attributed to headquarters \$670,000, making a total of \$1 million. Would there be any obsolete planes written off in that item or either item?—A. I have similar information on that item if you would like it.

Q. What I want to know is how do you treat obsolete planes? Do you hang onto them until they crash and then write them off?—A. No, not if a plane is obsolete. It would no longer be required and would be declared surplus to the Crown Assets Disposal Corporation.

Q. These are included in here?—A. No, they are not included in here.

The CHAIRMAN: Is there anything further on this item?

*By Mr. Adamson:*

Q. Yes, Mr. Chairman, the aircraft that crashed into the lake. I gather there was one aircraft which crashed into the lake which was never found. Is this the case in which the aircraft and pilot and everything disappeared flying, I believe, from Quebec to Dartmouth, I think it is?—A. I will see if anyone here has that information. The one that is referred to here was found and part of it was salvaged. The one that you are speaking of I do not know about.

Q. I know it happened because it happened to be a person I know and it was a Sea Fury flying from Quebec to Dartmouth and it completely disappeared and no trace of the pilot or aircraft has been found.

Mr. DICKEY: Was it within the two-year period?

Mr. ADAMSON: Yes.

The CHAIRMAN: Well, Mr. Adamson, it does not seem to come under this particular item—maybe under another item.

*By Mr. George:*

Q. Mr. Chairman, the witness said in answer to Mr. Jones' question that obsolete planes were declared surplus or obsolete and turned over to the Crown Assets Disposal Corporation. Now, presumably there is some salvage value in these planes and something must be received for the material in them.

Now, is this write-off of \$385,000, if that were for obsolete planes, is the money that is received from the Crown Assets Disposal Corporation for that obsolete plane credited against this account?—A. That money is not received by the Department of National Defence; it is paid into the Receiver General.

Q. In other words, if this were for a write-off of an obsolete plane, it is not a true picture; it is not an exact write-off?—A. Well, it is not, but the Department of National Defence would not show any recovery because we would not effect any recovery. It is simply declared surplus and sold and from the Department's point of view that would be all there was to it.

Mr. JONES: In view of that answer, that is what I am trying to get at, and could we get the figure on obsolete planes that have been disposed of and what return, if any, was gained from them?

The CHAIRMAN: What you are asking is what planes were declared obsolete and turned over to the Crown Assets Disposal Corporation and what was the amount of money received for the sale of them?

Mr. JONES: That is right.



*By Mr. Harkness:*

Q. What is the basis upon which you put the value of these seven planes at \$385,000? That is \$50,000-odd apiece. Is that the purchase price or is this the purchase price depreciated or on what basis do you arrive at that figure?—A. This is the purchase price of the aircraft in question.

*By Mr. McIlraith:*

Q. I just want to clear up that question. Do I understand, then, that a plane which you have been using for some time and is near the point where it would normally be taken out of service, it is shown in these figures at the original cost?—A. At the original cost in these figures, yes.

*By Mr. Macdonnell:*

Q. Does that mean that these planes only cost about \$50,000 each?—A. That is what it means, yes.

Q. I presume there is a court of inquiry or whatever you call it which adjudicates, which sits when the plane is lost. Is there some proceedings taken?—A. Every aircraft crash is investigated, yes.

Q. Now, what board does that? Is that board set up by the navy?—A. By the navy.

Q. What would the personnel of that board be? Would there be special experts on it or would it be only naval personnel?—A. They would be qualified aviation experts who are naval personnel.

Q. I take it when these things happen the very highest degree of technical knowledge and skill is desirable to have on the board. Now, although they are not happening every day, could we be assured that there is no professional pride here which prevents the very best people being available; in other words, if this is entirely confined to naval personnel, is it possible that there might be some outstanding person in one of the other services or indeed possibly outside the services altogether whose opinion might be of value?—A. The board would, if they found it necessary, call on expert advice from either within the department or outside the department.

Q. Well, the word "necessary" I find ambiguous.—A. That is, if there was some aspect of the accident on which the board needed expert technical advice that was not available on the board, then they would call in an outside expert.

Q. In fact, was any outside assistance called in these cases?—A. I cannot tell you, but I will find out.

*By Mr. Henderson:*

Q. Further to Mr. McIlraith's question, this \$385,000 for used planes, the original cost is really an exaggerated cost at the time they are lost, isn't it?—A. Yes, that certainly is the purchase value, not the actual worth.

The CHAIRMAN: I think the witness made it clear that is what we paid for them. That is what they cost the government and even if there had been salvage from some of these planes the proceeds would not come to the Department of National Defence; it would go to the Crown Assets Disposal Corporation.

*By Mr. Adamson:*

Q. In other words, Mr. Armstrong, you assume that a plane so long as it is serviceable is worth the full purchase value and there is no such thing as write-offs or depreciation or anything like that on a serviceable plane. Now, these Sea Furies are obviously several years old. They came in at, say,

\$50,000 and as long as they are serviceable you assume them to be worth \$50,000?—A. For the purpose of write-offs we assume they are worth what they cost us, \$50,000 in this case.

The CHAIRMAN: Any further questions?

*By Mr. Pearkes:*

Q. Following Mr. Jones' question, were these seven aircraft considered obsolete?—A. They would not be considered to be obsolete or they would not have been in use. The Fireflies have been replaced by Avengers now. The Sea Furies are still in use.

Q. There would only be the three Fireflies which would be considered obsolete?

The CHAIRMAN: Please do not use the word "obsolete". I do not think you intend to use the word "obsolete" in the sense that we are sending out obsolete planes out with crew to fly them.

Mr. PEARKES: I was using it because it had been used.

Mr. DICKEY: Perhaps it should be clarified that it was not used in connection with this item at all.

*By Mr. Pearkes:*

Q. There was no suggestion that these particular planes were obsolete at the time of their crash?

The CHAIRMAN: That is clear.

The WITNESS: Perhaps it would be helpful if you would define for me what you mean by "obsolete". These aircraft were in use and, as I say, the Fireflies were replaced by Avengers over a year ago.

*By Mr. Pearkes:*

Q. Well, I merely mention the word "obsolete" because the word "obsolete" was used previously. The point is, these planes were not in any way defective?—A. No.

Q. In other words, it was a type which had been replaced by a more modern type?—A. That is right.

Q. And they were perfectly airworthy at the time?—A. Yes, they were.

Q. Because we see under "Estimate of holdings"—there are some \$5 million represented under the estimate of holdings. Are they of the same type?—A. I will have to get you that; I have not got it with me.

Q. May I just finish? On this estimate of holdings and these planes being Fireflies—it was not Furies as we have been informed on that—I would like to know whether all of them are airworthy or whether this \$5 million is taking care of aircraft which are so obsolete that they are not in actual training operations?—A. I will get you details of the \$5 million.

*By Mr. Lesage:*

Q. Just one question. Do I understand that you have no system of depreciation in your accounting system in the Department of National Defence?—A. We have no system of depreciation. We do not keep what would normally be described as an asset account with depreciation from year to year.

Q. So any article that is shown as being in the possession of the Department of National Defence is shown at its cost value?—A. That is true in this case. There are other cases where the cost value is not used in determining the amount of the write-off. At the present time we use the cost value. Prior to September 1, 1951, write-offs were made on the basis of the depreciated value of the article that was written off.

Q. Would it be technically possible—I am not an accountant—but would it be technically possible to initiate a system in which you would take account of depreciation in the department?—A. It would be technically possible, but it would be an enormous task to keep records of all of these items and annually depreciate the proper amount on each item and keep a book record continuously. I do not see any useful purpose.

Q. You do not see any useful purpose in it?—A. No.

*By Mr. Jones:*

Q. How do you determine whether a plane is obsolete or unfit for further use and should be disposed of? In the absence of depreciation, where it reaches a point, how do you determine when a plane is through and unserviceable?—A. How do we determine when a naval aircraft is unserviceable?

Q. Yes, and should be disposed of through Crown Assets?—A. Well, that would be a matter to be decided by the technical officers concerned.

Q. Just one man or a board or what?—A. I believe there is a board of survey that would look at a naval article of that kind before it was decided that it was no longer serviceable or should be disposed of through Crown Assets Corporation.

Mr. DICKEY: Mr. Chairman, I just wanted to raise one point with respect to the questions on which General Pearkes wanted answers about the estimate of holdings. As I understand it, the figures in this return relate to the period during which the loss occurred and what was written off, not present holdings. Also I am sure that General Pearkes will appreciate that the answer given to that kind of a question will necessarily have to be carefully watched to see that it does not give any other meaning.

Mr. PEARKE: Certainly I was not asking about any out of date equipment being used. It was just to get an idea of the time that these write-offs were made. My whole point was that I wanted to clear the navy of any possible accusation that they were using aircraft which were not fit for service.

The CHAIRMAN: You see, Mr. Pearkes, that is just what I worried about, when I listened to your discussion. There has been no suggestion of planes unfit to service, and the suggestion coming from you takes on a different aspect. This was in the normal course of flying and accidents do happen. I did not think that we were entering into that aspect and it was not the purpose of your question but I think you should make it quite clear.

Mr. PEARKE: Well, I do not think you are right. My question was purposely to clear the matter because the word "obsolete" had been used and I wanted it cleared up. I was not the first person to use the word.

Mr. DICKEY: Just to get the record straight. The word "obsolete" came up as the result of a question by Mr. Jones, and it was clearly stated by the witness that obsolescence had nothing to do with write-offs that are contained in these returns. These write-offs are on aircraft that were crashed and damaged beyond repair and which had to be written off for that reason. Where an aircraft becomes obsolete and has to be disposed of it is not written off but it is declared surplus and turned over to Crown Assets Disposal Corporation—which is a completely different procedure and has nothing to do with the returns before us.

Mr. STEWART: The witness tells us that it would be technically possible to set up a depreciation account for assets and that is quite true; and I agree with him too when he says it would not be worth it, and I think it is better to work on the present basis.

What I should like to know is where can we find a figure for those assets—shall I call them—which have been regarded by the service as obsolete and which have been disposed of under the circumstances?



The CHAIRMAN: That question has been asked. Mr. Jones asked it.

Mr. STEWART: He asked the question about aircraft.

The CHAIRMAN: The proceeds still go to War Assets—to Crown Assets Disposal Corporation.

Mr. STEWART: But we do not have a figure for those going to Crown Assets Disposal due to obsolescence.

The CHAIRMAN: Can you answer that, Mr. Armstrong?

The WITNESS: The answer to your question is that the department would have information as to what has been disposed of. The amount realized would have to be obtained from the records of Crown Assets Disposal Corporation. In valuing it again, if it was necessary to value it, we could merely give you the initial cost. The value would actually be established by the amount realized when the material was sold.

Mr. CAMPNEY: In relation to Mr. Pearkes' question, I want to be clear in my own mind. It is not part of his request that we should give a list of the types or numbers of aircraft that make up the \$5 million?

The CHAIRMAN: No, he made that clear.

Mr. CAMPNEY: Is it clear?

The CHAIRMAN: As a matter of fact, I gather that what Mr. Pearkes wants is to make it very clear for all concerned that there is no doubt about the worthiness of the planes. The answer now will conclude that matter satisfactorily.

*By Mr. Adamson:*

Q. I would like to ask two questions. The first one is about the difference in cost of the two planes—those used first and then the Avengers with which they were replaced. I gather the first ones cost \$50,000 each. What does an Avenger cost—just for comparison?

The other matter is if these are total write-offs, if an aircraft lands and, shall we say, damages the undercarriage so that some of the undercarriage assembly has to be scrapped, how is that written off? It is not in this item? This is only for totally destroyed aircraft. The instance I cite must occur quite often I would think particularly in rough weather.—A. I believe to the extent that the parts of an aircraft are scrapped—and you mentioned where an undercarriage was so badly damaged that it was scrapped—then it would be shown here, if there were any instances. I see for example that a Pratt and Whitney engine which was damaged in a crash—valued at \$2,000—is included here. In another instance a Griffin engine was damaged and it is included, so if there had been any similar categories to those you speak of they would have been on this list. As they are not here I assume there were no undercarriages that were scrapped because of accidents in the period covered.

The CHAIRMAN: Shall we pass to the next item.

*By Mr. Benidickson:*

Q. I am concerned over the question by Mr. Adamson. If a naval plane simply disappeared in the two year period should it not have been reported somewhere in the papers before us?—A. If a naval plane simply disappeared it would be in here. I said, however, that I did not know the details—

Q. Inquiry is being made?—A. We will find out.

The CHAIRMAN: Cornwallis—at the top of the next page?

Shearwater?

Naden?

Royal Roads?

Stadacona?

Headquarters?

Mr. THOMAS: You missed a page—naval supply, Halifax; naval supply Sydney.

The CHAIRMAN: They were new pages given you last week to replace the other pages.

Mr. APPLEWHAITE: I would like to ask one question on the last line, where the write-off was \$670,000.

The CHAIRMAN: That is on headquarters naval aircraft.

*By Mr. Applewhaite:*

Q. Have we a misprint or, how do we get a write-off of \$670,000 out of estimated holdings of \$8,700?—A. That is a misprint.

Q. What should it be?—A. I assume it should be \$8,700,000.

Mr. STICK: If you go into that you will find it is \$8,700,000.

The WITNESS: I can get you the precise figure, but I am sure it is \$8,700,000.

Mr. MACDONNELL: What is the relation between the \$670,000 figure which we are looking at now and the \$385,000? Are they different dates?

The WITNESS: One is for 1950-51 and the other is for 1951-52.

The CHAIRMAN: We will go on to the next page. Naval supply depot Halifax.

Naval supply depot Sydney.

Naval supply depot Esquimalt.

Central Victualling depot.

Mr. STEWART: I have no figures on my sheet at all for those two items.

The CHAIRMAN: Neither have I.

Mr. APPLEWHAITE: There is something in the remarks.

The CHAIRMAN: Yes—a special report to be sent.

Mr. STEWART: What is the nature of the report?

The CHAIRMAN: Let it stand over, I understand there may have been a mistake.

Mr. MacDONNELL: I cannot hear what is going on. Are you asking something about the victualling depot?

The CHAIRMAN: There are no figures opposite that at all on my sheet. Are there any on your sheet?

Mr. MACDONNELL: No.

The CHAIRMAN: We will find out why?

The WITNESS: This material had to come in from the command and we have not got it yet. We will be submitting it when it is available.

The CHAIRMAN: All right.

We are on write-offs, 1951-52.

Colwood—that one is not very big.

Esquimalt?

Lynn Creek?

Kamloops?

St. Hubert?

Mr. MACDONNELL: There seems to be no entry regarding Kamloops.

Mr. LESAGE: Dave Fulton must have that in hand.

Mr. STICK: May I ask a question there?

The WITNESS: It would mean there was no write-off at all.

Mr. MACDONNELL: I thought we were only getting write-offs? You mean this is put in there just to remind us that we have \$25 million there?

The WITNESS: I assume there were no write-offs. It should not be there at all, as you say, if there were no write-offs.

The CHAIRMAN: Mr. Stick.

*By Mr. Stick:*

Q. Under Esquimalt, the reason for the write-off: "Stores improperly accounted for on return from ships, etc., on decommissioning?" I think we might have an explanation of that. Just exactly what takes place when you say they have been improperly accounted for. Have they been lost, stolen or strayed, and you have got to write them off before decommissioning the ship? What procedure is there in connection with this? Just what does "stores improperly accounted for" mean?—A. That means they were incorrectly accounted for in entering them in the books. That would be a case of wrong designation. That is what it means. When a ship returns from sea the ammunition is taken off the ship, inspected and so on, and returned to the depot. There might be errors in that process.

Q. Nomenclature again, I suppose?—A. I beg your pardon?

The CHAIRMAN: He said "nomenclature". What is your answer to that?

The WITNESS: Nomenclature would be the principal reason for that.

The CHAIRMAN: Gentlemen, we are at St. Hubert.

*By Mr. Benidickson:*

Q. I do not see why you consider you have a financial write-off for simply differences in size. You say you have a write-off for both sizes as well as nomenclature. I can understand nomenclature but not the other?—A. We would not have a write-off simply for sizes in shirts, for example, where you have quite a number of sizes. If the total number of shirts balanced on the stock card, although the individual sizes may have been out of adjustment, we would not show a write-off. We would say there was no shortage of shirts because, obviously in an operation of that kind, there will be some sizes that will be out of adjustment over a period of time. We would not say there was a shortage as long as the total number was there.

Q. That is what I understood you to say at the meeting previous, but on the other hand, and going back to this Stadacona item, "issuing errors due to nomenclature, sizes, etc."—A. The explanation that I gave to you certainly applies at the depots, that is, the central ordnance depot, the area depot, and so on. I am told by the naval service that at Stadacona they would not adjust for sizes, and therefore the write-off is included if there is a difference on sizes.

*By Mr. Adamson:*

Q. Would this write-off for errors in nomenclature take care of the case I raised the other day, that where you have on the inventory shirts described as, we will say, warm woollen shirts, condition excellent, and you find that what you really have in stock are cotton shirts, flimsy, and the difference in cost would be, shall we say the warm woollen shirt was \$3 and the flimsy cotton shirt was 65 cents. Would this item cover a loss such as that?—A. It would not. In any case where there is an offsetting adjustment made, each individual instance is examined by the appropriate officers at the depot and there must be a good reason to make an offset. In the case you bring up there would not be a good reason. That is, you would not offset two different kinds of shirts when they are essentially different articles.

Q. There would be an inquiry if an error turned up like that?—A. There is an inquiry into all of these errors.

The CHAIRMAN: We are now at Dartmouth and Sydney.



*By Mr. Stewart:*

Q. One question, Mr. Chairman. Why is Ottawa not mentioned in this list?—A. These are armament depots you are looking at.

Q. It says here in your evidence, in the first statement:

In the navy, there are five main depots, located at Halifax, Esquimalt, Ottawa, Sydney and St. Hubert.

A. If Ottawa is not here, then it would mean there has not been a write-off. That would be the explanation.

Mr. PEARKES: That concludes most of the naval items, Mr. Chairman, and one cannot help but be impressed by the fact that nearly all the deficiencies are due to some clerical errors. It is not the case of loss by theft or that sort of thing, it is due to clerical errors made either by wrong nomenclature, wrong vouchering, and so forth. One cannot help but come to the conclusion that either the system of store accounting in that service is too complicated or else the personnel who are employed on that particular accounting side of the navy have not had adequate training in the duties they are required to perform, and I do want to emphasize the fact that where these errors occur and they have to be chased down, a great deal of time is taken up, the time of the service personnel of all ranks, and that is a tremendous waste. We are not here witch hunting for individual men who have done this or that, but it does seem to me that here is a case where there is a pretty general weakness all throughout this branch of the service, and I would hope that we might, or the naval department might note what we have found here and try to correct or change those weaknesses, or else we should have a further explanation as it applies to the navy, because it is notable in glancing through the records of the other services that there is not the same proportion of clerical errors noted as in this particular service. Now, I cannot possibly tell you whether it is too complicated a system or whether the wrong type of personnel is employed on these duties, but the error is so marked all the way through that I feel some cognizance should be taken of it.

The WITNESS: General Pearkes, I would like to say that in the department it is appreciated that it is necessary to have a system as simple as possible and to train our people as adequately as we can. There is no doubt about the advantages that accrue through the elimination of errors, as certainly the elimination of errors saves time and saves money. However I would like to give you some figures that do not appear in the material tabled. Running through some of the figures I have for percentage of write-offs against the holdings; Naden, .13 per cent; Royal Roads, .06 per cent, Stadacona, .053 per cent, and so on. It is a pretty good record and I do not think we can expect ever to arrive at the stage where it can be perfect. There will always be some error and some problem due to the human and other factors, but, on the whole, the percentage is not bad.

Mr. DICKEY: Mr. Chairman, I just would like to say that I cannot agree with Mr. Pearkes.

The CHAIRMAN: Gentlemen, gentlemen. This certainly is not the time for argument. I thought that Mr. Pearkes' question opened an opportunity for Mr. Armstrong to put on the record some figures that he had. I did not know what they were, but I asked him some time ago to make a comparison. I do not think we should carry this discussion any further than that.

Mr. DICKEY: That satisfies me. General Pearkes has had his opportunity to express an opinion and I have on the record that I do not agree with him. That is all.

Mr. MACDONNELL: Would it not be a proper question to ask Mr. Armstrong: Has the department made inquiries to find out the percentage of write-off of other large commercial organizations which do warehousing and so on?

The WITNESS: Yes, we have some of these records which are published in some cases. It is difficult to make comparisons, as you will appreciate, because the write-offs are expressed for commercial operations as a percentage of sales volume. Our problem is not one of sales, and it is difficult to make any precise comparisons. What we do try to do is to arrive at what appears to be at least a reasonable norm to follow, and if any depot or unit gets out of line, then we endeavour to find out the reason and correct it.

Mr. JAMES: They do at least appear to be a very nice service.

Mr. CAMPNEY: Have you any figures on commercial institutions comparable to the figures you gave?

The WITNESS: I have not got any of them here.

*By Mr. Thomas:*

Q. This aircraft loss, this \$385,000 and the \$670,000—are these amounts included in the write-offs under the navy which might be considered as book-keeping errors, and included in that \$1,171,000?—A. The aircraft losses represent by far the larger proportion of the total of these write-offs.

Q. Yes, but is the aircraft loss the figure that brought the total up so high?—A. I have not included the aircraft losses in the percentages I was giving, the .01 per cent figure.

*By Mr. Benidickson:*

Q. Are they included in the \$1,171,000?—A. Yes, they are.

Q. And they alone amount to over \$1 million?—A. Yes.

Mr. MACDONNELL: Could I just make a request, Mr. Chairman. Don't you think it would be a help to us if when we have this graph that is coming we could have the commander in charge of supply here. Don't you think it would make our inquiry more realistic if he could tell us what his problems are and we could see him in action?

The CHAIRMAN: It is not people in action we want so much as information from responsible people.

Mr. MACDONNELL: But we want to hear from the people in action, and after all they are the ones who are doing things. I must say at once that Mr. Armstrong has been very helpful, but I do suggest we could get something additional if we had before us the men in action.

The CHAIRMAN: The man you have in mind is in Halifax. I am not going to express an opinion at the moment, but Mr. Armstrong will bring the chart here and he will make it as clear as possible to the members of the committee. We can at that time consider if there is any benefit to be gained from the suggestion made by you, Mr. Macdonnell.

We shall now adjourn till next Tuesday.

The meeting adjourned.

## APPENDIX 20

## FINDINGS OF ADMINISTRATIVE AUTHORITY

(Item Serial III Naval List Losses Due to Fire—Clothing Stores—Damage to Building H.M.C. Dockyard Halifax, N.S. Loss \$1,500.)

*Cause of Fire:*

Fire originated in wood clothes lockers assigned to Bull Gang Naval Stores Personnel. No positive cause of fire could be defined owing to extensive damage at point of origin, assume therefore Fire caused by careless disposal of smoking materials in pockets of clothing.

*Further Remarks:*

Responded to call for Fire from the Duty Corps of Commissionaire Officer, South Gate Dockyard. On arrival found Fire in progress at Naval Stores Building No. D 66, Central section of ground floor of building east side being involved. Fire had made considerable headway and had apparently been burning for some time. Section of building opened up and (2) two 2½ inch Fire Lines used to control Fire. Considerable difficulty experienced getting to the seat of Fire owing to dense smoke and fire in this building. Fire extended to large storage of fibre glass insulation stored adjacent to the origin of fire. Fire started in wood locker used by Naval Stores Bull Gang for personal clothing, etc. Damage to this section of building extensive. Impossible to define any positive cause for the Fire but assume Fire was started from live tobacco residue from a pipe or loose matches in the pocket of some personal clothing when clothing was put away about 1700 hours. Extensive damage resulting to doors, windows, locker installations of the section of building involved. Smoke, Fire and water damage also resulting to Naval Stores stored in this section.

## APPENDIX 21

## FINDINGS OF ADMINISTRATIVE AUTHORITY

(Item Serial II Losses Due to Fire Naval List—R.C.N. Air Station, Dartmouth, N.S.—Damage to Hangar—Loss \$2,200.)

On arrival found fire involved boiler room located in north west corner of hangar, and north wall of the hangar. Personnel from S.A.G. and duty personnel had removed all aircraft and used First Aid Fire Fighting equipment. Ford Crash Tender from Tower responded and used water, available from tank, to hold fire while lines were laid by Fire Department. Fire Department opened ceiling and roof of boiler room and used 2 in number 2½ inch lines to extinguish the fire.

Fire originated around air intake duct, located in boiler room directly over boiler. Due to circulating fan operating and air duct being closed, heat built up excessively at this point and ignited the surrounding woodwork and spread rapidly to ceiling and roof of boiler room and north wall of hangar.





















Canada Defence Expenditure  
Special Committee, 1952  
HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE  
ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

TUESDAY, MAY 20, 1952

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),  
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952







# MINUTES OF PROCEEDINGS

TUESDAY, May 20, 1952.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m., this day. The Chairman, Mr. David A. Croll, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Campney, Cavers, Churchill, Croll, Dickey, Fulton, George, Harkness, Henderson, James, Jones, Larson, McIlraith, Power, Pearkes, Stewart (*Winnipeg North*), Stick, Weaver. (22)

*In attendance:* Messrs. C. M. Drury, E. B. Armstrong, and W. R. Wright, Department of National Defence.

The Chairman announced that Mr. Hunter had replaced Mr. Lesage on the Committee.

On a point of order, Mr. Fulton moved, seconded by Mr. Harkness:

1. That copies of the Chief Auditor's reports on units, etc. at Petawawa Camp, completed in July, 1951 and June, 1951, and all other audit reports covering this camp as set forth at page 173 of the Committee's proceedings, be furnished the Committee at its next meeting.

2. That the Chief Internal Auditor of the Department of National Defence be called before the Committee at its next meeting to give evidence in connection with the said reports and the recommendations regarding administrative and security measures contained therein.

3. That competent witnesses be called from Petawawa Camp to outline the administrative and supervisory procedure in connection with stores, in force at the Camp at the time of the various thefts and losses, and also to give the total of losses to date.

4. That as soon as Mr. George S. Currie has completed his investigation at Petawawa, his report be placed before this Committee and that he be called for questioning on it.

The Chairman stated that he was inclined to rule forthwith the aforesaid proposed motion out of order, but it was agreed to refer same to the Subcommittee on Agenda for consideration and report.

Mr. E. B. Armstrong was called.

As requested at the last meeting, he produced an organization chart showing the chain of command of H.M.C.S. "Stadacona" relating his answers thereto. (*See appendix No. 22 to this day's proceedings*)

By consent, the Committee examined the witness on the statement of losses due to theft, etc. at Farnham Summer Camp filed on May 13 last, and marked Exhibit E.

The witness tabled a list of articles stolen at Farnham Camp. (*This was marked Exhibit F.*)

The examination of the witness on Farnham Summer Camp was concluded.

It was decided to consider at the next meeting, inter alia, the losses due to fire at No. 26 Central Ordnance Depot in Ottawa and at the RCAF Station in Trenton.

The witness undertook to provide information not readily available.

At 12.50 o'clock p.m., Mr. Armstrong's examination still continuing, the Committee adjourned to meet again on Thursday, May 22, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
Clerk of the Committee.



## EVIDENCE

MAY, 20, 1952

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. For the information of the committee, the name of Mr. Hunter was substituted for that of Mr. Lesage, as a member of the committee.

Mr. FULTON: Mr. Chairman, before we proceed with this morning's business, I have a motion I would like to present to the committee. First of all, I would like to say a few words as to the reason the motion is being presented. It calls for certain evidence and information to be laid before the committee, and you will realize very early that a decision has been taken on the matter. What I want to present to the committee is the suggestion that the circumstances under which the earlier decision was made have changed, and changed so extensively that I believe it would be proper for us to reconsider that decision.

The CHAIRMAN: Let us have the motion, Mr. Fulton, before we have a discussion on it. What is your motion?

Mr. FULTON: Briefly, Mr. Chairman the motion concerns the suggestion that we investigate the things which have taken place at Petawawa Camp. When the committee decided earlier that we were not to investigate that, the main reason for the decision was that if we were to look into the circumstances under which the loses at Peawawa Camp took place, we might bring out some evidence which would prejudice the prosecution or, alternatively, which might prejudice those who were charged and were awaiting trial in the civil courts.

The committee will have seen reports in the newspapers on Friday evening and Saturday morning that at the preliminary hearing of the seven accused in this case, by agreement between counsel for the accused and the crown prosecutor, the accused waived further preliminary hearing, and it was decided that the written statement of the crown's evidence would be furnished to the counsel for the respective accused. That circumstance indicates that the evidence on which the charges are based is now ready and it is to be provided in writing to those who are accused. Therefore, the basis on which this committee decided earlier that we should not look into this matter has, I submit, been radically changed and it can no longer be argued that for us to examine into the circumstances surrounding these irregularities would prejudice either the prosecution or the accused, for the reasons which I have given.

Now, the other argument upon which the earlier decision was based was, to a much lesser degree, namely, that the proceedings or that the matter was sub judice. I think the argument of those who wanted to have an investigation was generally accepted, that we did not want to look into the guilt or the innocence of any of the accused persons, but that we wanted to look into the circumstances under which these irregularities took place. Therefore, Mr. Chairman, in the light of these changed circumstances and in the light of the fact that we do not want to examine the guilt or innocence of any one of the accused persons, and in view of the fact that the investigation by Colonel Currie which, we had been given to understand, was proceeding immediately under his supervision, is not taking place in the way we understood that it was—

The CHAIRMAN: Now now, Mr. Fulton, please. I have not interfered with you yet, but you have not presented the motion. So far you have spoken to a



proposed motion. First of all, let us have your motion, there may be others who may have something to say on it. The matter of Colonel Currie is not a matter which is before this committee. Therefore, comment on it is undoubtedly out of order. Let us have your motion, please, before we have any further discussion.

Mr. FULTON: For instance, Mr. Chairman, the investigation which we understood was taking place under the direction of Colonel Currie is not taking place in the manner in which we understood that it was.

The CHAIRMAN: Mr. Fulton! Mr. Fulton! I am ruling that you are out of order until we have a motion? Let us have your motion!

Mr. FULTON: My motion reads as follows:

1. That copies of the Chief Auditor's reports on units, etc., at Petawawa Camp, completed in July, 1951 and June, 1951, and all other audit reports covering this camp as set forth at page 173 of the Committee's proceedings, be furnished the Committee at its next meeting.

2. That the Chief Internal Auditor of the Department of National Defence be called before the Committee at its next meeting to give evidence in connection with the said reports and the recommendations regarding administrative and security measures contained therein.

3. That competent witnesses be called from Petawawa Camp to outline the administrative and supervisory procedure in connection with stores, in force at the Camp at the time of the various thefts and losses, and also to give the total of losses to date.

4. That as soon as Mr. George S. Currie has completed his investigation at Petawawa, his report be placed before this committee and that he be called for questioning on it.

Mr. HARKNESS: Mr. Chairman, I second Mr. Fulton's motion.

Mr. APPLEWHAITE: Mr. Chairman?

The CHAIRMAN: Will you please wait until I see the motion myself and take a good look at it. Let me read it slowly.

It is moved by Mr. Fulton and seconded by Mr. Harkness:

1. That copies of the chief auditor's reports on units, etc. at Petawawa Camp, completed in July, 1951 and June, 1951, and all other audit reports covering this camp as set forth at page 173 of the committee's proceedings, be furnished the committee at its next meeting.

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4. That as soon as Mr. George S. Currie has completed his investigation at Petawawa, his report be placed before this committee and that he be called for questioning on it.

Mr. APPLEWHAITE: Mr. Chairman, I want to ask one question: Whether or not that motion has been submitted to the steering committee of this committee?

The CHAIRMAN: No, it has not been. This motion does not differ materially in any respect from the one we have already dealt with before in this committee. Is there any discussion on it?

Mr. McILRAITH: Yes, Mr. Chairman, I want to say something about it. Of course, I find it a little difficult to say anything about it and keep within the rules, but I shall try. This committee started off by setting up a steering committee to guide it in its procedure, because the range to be dealt with by the committee was so very wide that it would be necessary to select the field in which we should work, if we were to have an orderly presentation and to accomplish the objectives which were set out in the committee's reference.

Now then, several times so far in the proceedings of the committee we have been diverted, and we have not followed a consistent program of investigation or examination. We have wandered all over the lot. The last two committee meetings at least got side-tracked into a discussion of whether or not the internal auditor's report to the chief auditor should be tabled, and there was a long and involved discussion on that. It was finally, after a debate of several hours, decided that those findings could be made available in evidence. And at the conclusion of that long debate, and final settlement of the issue, there was a bit of an examination, but no examination by the ones really putting forward the necessity of having the evidence brought forward.

We were, in any event, going along looking at the table of shortages, and half way through that we now have a motion brought in to refer to another subject which is sub judice now before the courts, which is, in effect, another diversion from the work we are on.

Mr. STICK: It is a publicity stunt, Mr. Chairman.

Mr. McILRAITH: Mr. Chairman, it seems to me that the effect of this motion is further to becloud our work and prevent us from getting anywhere, or examining into the expenditures at all, and that it is in every way, what Mr. Macdonnell would call a "frustration of the committee members' work." I for one am not inclined to consider the motion at all at the present time. There are two or three things wrong with it. The first is that it has not gone to the steering committee where it should have gone. The second is that it is dealing with subject matter that has already been dealt with; the third is that it is dealing with subject matter which is sub judice; and the fourth is that, if it is a proper motion, surely we are entitled to have it brought up in an orderly way, at an orderly time, and not in a way which would prevent us from going on with the work this morning, which we were on at the last committee meeting. I can only express the hope—and I would refer to a word in the motion—

The CHAIRMAN: Mr. McIlraith, might I suggest that my present intention is to refer this motion to the agenda committee. Perhaps that will stop discussion on it at this time. The agenda committee will meet and decide on it tomorrow.

Mr. McILRAITH: Very well, Mr. Chairman, but it will reluctantly stop my discussion on it at the present time.

The CHAIRMAN: I would like to say to the committee that I hope we will get on with our work because I want to open Farnham Camp this morning for questions. I am sure the members of the committee will be eager to get into it. The witnesses are here and I do not want to use up any more of our time in discussing this motion.

Mr. McILRAITH: I hope the chairman will not interpret my remarks as having been a waste of time.

The CHAIRMAN: No, Mr. McIlraith, not at all. I agree that it is, however, a use of time which we could put to better purpose at the moment. I shall call a meeting of the agenda committee for tomorrow afternoon.

We have the "Stadacona" matter still in abeyance. May I ask you, gentlemen, to look at the chart which is over there on the wall. May I also ask

you to take the minimum amount of time in the use of that chart so that we can get into Farnham Camp this morning. Mr. Armstrong is with us today and he will explain it now and answer questions.

**Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence, called:**

The CHAIRMAN: I have not got copies of the chart for you, some of the members may have difficulty in seeing it.

The WITNESS: Mr. Chairman, this is the chart of H.M.C.S. "Stadacona". (To be read with appendix No. 22). The committee asked that this be discussed with particular reference to the paragraph 4 of the original document which I tabled, dealing with permanent stores. That document was stated in its simplest terms, and the reference to departments was applied to the organization of a ship that is broken down functionally by the engineering department, the electrical department, the supply department, and so on.

In "Stadacona" we have the functional department. This is the supply department, and there is the executive officer dealing with those in charge of administration in the departments generally concerned; and here is the hospital which deals with all of the establishments.

There are 12 separate schools in the establishment, each one with an officer in charge. These are the departments for the purposes of that paragraph which we discussed at the last meeting.

In addition, because of the size of this organization, there are sub-departments within each school. All told there are 52 departments in this organization for the purposes of that paragraph which we discussed.

Now I shall explain very briefly how the permanent stores are handled. Let us take the navigation direction school for example. If the navigation direction school desires a permanent store—and in this instance permanent stores would include non consumable stores such as operating equipment, lamps, and so on, and technical equipment which would go into a navigational direction school, they would make a demand on the supply officer and the supply officer would, in turn, demand on the naval dockyard which holds this supply of stores. When the supply officer receives it from the naval dockyard, he enters it in a permanent ledger. He then issues the store to the navigation direction school. And the officer who is in charge of that particular branch of the stores in the school, enters the stores which he receives on an inventory sheet which is supported by a receipt voucher, issued by the supplies branch.

The supply branch at the same time makes out an inventory sheet from their copy of the voucher; therefore, in the supply branch they have an exact duplicate of the inventory sheet which is held by the officer in the navigation direction school. The holder of the inventory, that is, the officer who has the inventory sheet on which the stores are listed, may then issue those stores to other men who are employed under his jurisdiction. In that case he will make out what is called a custody record card. That custody record card is signed by the individual who holds the stores, and he is responsible for them.

Every six months the keeper of the inventory in this establishment is required to muster the stores, as it is called in the navy, which is a stock-taking of the permanent stores under his charge, and he checks them out against his inventory sheet. At the same time, his inventory sheet is compared with the inventory sheet held by the supply officer and if there are any missing articles which are disclosed as a result of that inventory stock-taking, they are reported to the commodore in command, and a statement is made as to the reason for the shortage, and it may result in a write-off or an assessment



against the individual holding them, depending on the circumstances of the loss. That covers the issuing of permanent stores.

The CHAIRMAN: Very well, Mr. Armstrong.

Gentlemen, that gives you some idea as to what goes on, and how "Stadacona" is run. There were a few questions asked at the last session, but the answers are not yet in a form in which they can be filed. We will have them ready. That brings us to the Canadian army report of losses. That is document marked Exhibit C.

Mr. PEARKES: Mr. Chairman, shall we have another opportunity to discuss these questions?

The CHAIRMAN: Yes, Mr. Pearkes, when the further answers come in or later today.

Gentlemen, you all have a separate sheet which is Exhibit E. I do not know whether you have it so marked; it is entitled "Farnham summer camp". Will you please look at it now? My reason is that we are now into army matters, and losses due to theft, or fraud. I think that public attention at the moment is centered on Petawawa, with which we have already dealt, and Farnham as well, and on fires of an incendiary nature, with the broad suggestion that they were set in order to hide a shortage. But I would like to point out to the committee that the Farnham episode took place in 1949, and that it is entirely outside the terms of our reference.

It may be that the House will not like what we are doing, but I gather that this committee wants to deal with it and that it has an unanimous desire to do. Therefore I am prepared to go along with the committee and present this matter before you.

Now with respect to the fires, the two most prominent ones were the Plouffe and the Trenton fires. I am asking Mr. Armstrong now, if, at the next meeting, he will have for us the last two investigator and auditor reports on the Plouffe and Trenton fires, that is, the findings and recommendations, and what actions were taken on them, and also the courts of inquiry findings and recommendations, that is, the courts of inquiry which were subsequent to the fire, and what actions were taken on them.

That brings us to the matter which is before us now. I think we can start our questioning of Mr. Armstrong. Mr. Armstrong, when was Farnham Camp established?

The WITNESS: Farnham Camp was established in 1941.

Mr. STICK: We cannot hear the witness, Mr. Chairman. If he is going to talk, he had better talk up!

*By the Chairman:*

Q. When was it closed down, or was it closed down?—A. It closed down in 1947.

Q. In 1941 what did it contain? What was the purpose of the camp?—A. The camp was a training centre. It contained principally buildings to provide services for a camp under canvas.

Q. Let me put it to you this way—was it a summer or winter camp or was it an all year round camp?—A. It was a permanent camp for the duration of the war, that is, it was built of temporary buildings with an expected life of approximately 10 years.

Mr. ADAMSON: Was there not a similar camp to that type of building at Camp Borden?

The WITNESS: This was a less permanent type of construction compared to that at Borden.

Mr. ADAMSON: They are winterized?

The WITNESS: They were not winterized.

Mr. CAMPNEY: Was it not primarily a tent camp. These buildings consisted of services for the people who were accommodated under canvas, the kitchens and the washrooms, and so on.

*By Mr. Stewart:*

Q. How many military huts were lost or stolen?—A. There were 31 huts stolen.

Q. What was the value of each, approximately.

The CHAIRMAN: Just a minute, gentlemen; you must give him time to answer.

Mr. STEWART: I just wanted to say I did not want 31 different figures, but the approximate cost of the lot.

The WITNESS: The approximate original value of those 31 huts, was \$11,500.

Mr. STICK: Per hut?

The WITNESS: No.

*By Mr. Stewart:*

Q. How does that amount come to be written down to \$3,551, including stores?—A. The estimated present value of those 31 huts in 1949, at the time they were lost, is \$1,445. They were depreciated on the basis of 10 per cent a year. As I said, they were originally constructed to last 10 years.

Q. But I thought there was no depreciation provided for assets of such nature, or am I wrong? I thought that you wrote off the original cost price.—A. In respect of ordnance stores, the present procedure is to write off the original cost price.

Q. But in this case you did not write off a depreciated amount?—A. This is not ordnance stores.

Q. What I am trying to find out is, do you carry those military huts the same way or are they depreciated?—A. The military huts, when there is a write-off of that kind are the depreciated value.

Mr. CAMPNEY: How many buildings were there of the type of these 31 buildings that were stolen?

The WITNESS: There were 214 buildings in the camp, all told.

Mr. FULTON: Mr. Armstrong, you have given us the depreciated value. Have you made any sales of this type of hut, and if so can you give us a figure of what they are fetching in the market?

The WITNESS: There were 183 of the total number of buildings disposed of through Crown Assets Disposal Corporation for \$4,840.

The CHAIRMAN: That is 183 huts?

The WITNESS: 183 buildings were declared surplus and sold through Crown Assets Disposal Corporation for \$4,840.

Mr. FULTON: That is the total?

The CHAIRMAN: Will someone do some quick arithmetic for me. What was the sale price per hut, the price received per hut?

The WITNESS: That averages \$26, approximately, per hut.

*By Mr. Fulton:*

Q. In the huts that disappeared from Farnham Camp, were there any installations in the way of plumbing or similar fixtures at all?—A. Yes, there were certain stores lost at Farnham as well as huts.

Q. Could you tell us what those were?—A. I have a list of them here. There were 5 radiators. Do you want the whole list?

Q. Is it very long?—A. It covers a page and a half.

Q. What about plumbing fixtures and things of that nature? You pick out some of the more conspicuous things. I have not seen that list.

The CHAIRMAN: Please file a copy for the record and in the meantime supply the information that is asked.

(See Appendix 22)

*By Mr. Fulton:*

Q. Yes. Can you pick out some of the more conspicuous in the way of radiators and plumbing?—A. 1,520 feet of 2-inch galvanized pipe. I have not got an accurate valuation of those by individual items. I have the 1940 prices if you are interested in them.

Q. That will be interesting.—A. The galvanized iron pipe in 1940 cost \$34 per hundred feet. These are the quantities that were stolen. Some of the items were recovered later. Copper wire, 25,080 feet; the original cost price was \$33.79 per one thousand feet. 50 windows, which had an original price of \$10 each.

Q. Were they lying loose in the huts or were those windows forming part of the huts?—A. No, these were stores, they were not part of the huts. There was one baking oven that originally cost \$350. 6-inch vitrified clay pipe, 1,260 feet, original cost, 40 cents per foot.

Mr. ADAMSON: Was it dug up?

The WITNESS: No, these were all stores.  $\frac{3}{4}$ -inch conduit, 50 feet, original price, 11 cents per foot. 2 shower stalls—I have not got the original price there. 32 shower fittings, and 2,500 feet of  $\frac{3}{4}$ -inch galvanized iron pipe.

Mr. STEWART: How much was that per hundred?

The WITNESS: The estimate here is shown at \$7.66 per hundred. That seems to take care pretty well of the plumbing fixtures.

Mr. FULTON: These, Mr. Armstrong, I take it, were all in the shape of stores which were lying in the huts, they were not actual installations which were part of the huts that were stolen. What I am after is, were there any plumbing fixtures which formed part of the huts and, therefore, went with the huts as they went?

The WITNESS: There were some latrines and some pipe that was part of the installation, but most of the list that I have given you were stores.

The CHAIRMAN: Was there any recovery on any of these articles?

The WITNESS: Yes, there was a recovery on these articles. The recovery of engineers' stores in total was \$1,303.50, and on ordnance stores, \$175. These, values, are at the depreciated price. That is the recovery. That was out of some \$2,000.

Mr. CAVERS: Was that engineers' stores \$300 or \$1,300?

*By the Chairman:*

Q. What was the total amount of loss? Give it to us in your own way.—A. The total amount of loss is the loss that is stated in this document, \$3,551.61. That is the net loss; the amount recovered in total was \$1,803.50, and the gross loss is the total of these two.

Q. Give us the figure.—A. \$5,354.11.

Mr. HARKNESS: Was it only on the huts you estimated depreciation or did you allow for depreciation on that item, for example, of copper wire, 25,080 feet?

The WITNESS: Depreciation was allowed on all the stores that were lost.

Mr. FULTON: Were those stores which had been in use, or had they been in storage throughout? We are trying to arrive at the actual value.



The WITNESS: These were stores that had been in use.

Mr. HARKNESS: Had all this pipe been in use? I understood you to say they had been supplies in engineers' stores.

The WITNESS: It had been used. It was lying loose as engineers' stores, but engineers' stores would include articles which had been in use and stored away for future use.

Mr. DICKEY: In other words, it was salvaged from some other building.

The WITNESS: That is the case.

The CHAIRMAN: Just a minute. We will spread the time around a little. Mr. Campney has the floor.

*By Mr. Campney:*

Q. I think you stated 31 out of approximately 200 of these small buildings were removed. How many of them were recovered, of the 31?—A. The total number recovered was 26 out of the 31.

Q. I think you also stated that this camp had not been used for two or three years. Had any of the fittings or equipment of the huts, plumbing and so on, been salvaged for use at other places?—A. The Engineers Corps had taken engineers' stores from the camp for other purposes during those years, yes.

Q. In other words, was it partly dismantled?—A. Yes, that is the case. They had partially dismantled it and used the stores for other camps where they were required.

Mr. STEWART: Mr. Chairman, the witness has told us that the figure in the column marked "Value of Loss" was a net loss. I had been going on the assumption that the value of losses was the gross loss all the way through. Does this "Value of Loss" column represent the value of the losses all the way through these reports?

The WITNESS: You are perfectly right, Mr. Stewart. In regard to all the other tables, Farnham was set up inconsistently with the others and in this case a net loss is shown, but this is the only one.

Mr. STEWART: The only case.

*By Mr. Applewhaite:*

Q. What is the total amount of our investment at Farnham when it was an operating camp?—A. The total investment at Farnham was \$96,344.40.

Q. And that covered a camp of something over 200 buildings?—A. That covered a camp of something over 200 buildings, plus the services that went into the camp.

Q. And of these 200 buildings, 31 were stolen?—A. Of these 200 buildings 31 were stolen, yes.

Q. And 26 of those stolen were recovered?—A. 26 of the 31 were recovered.

Q. The net loss in buildings was 5, is that right?—A. That is right.

Q. Were any of the stolen buildings latrines?—A. I beg your pardon?

Q. Were any of the stolen buildings latrines?—A. Nearly all of the buildings at the camp had latrines in them.

Q. When the camp was in use what was the nature of the buildings that were stolen?—A. The missing buildings—I will give you a description of them: there were 13 large latrines, 3 small latrines, 3 shower huts, 9 kitchens, 1 orderly room, 1 quartermaster's stores, and 1 storage building.

Q. Were there only 31 buildings standing at the time of the theft?—A. Oh, no, sir, all of the buildings were standing at that period. There were 214 buildings.

Q. Then the whole camp had not disappeared?—A. No, sir.

Q. How many guards did you have on at the time?—A. There were two civilian guards at the camp permanently.

Q. What happened to them?—A. The two civilian guards were implicated in the thefts. They have been charged in the civil courts. One of them has been convicted and the other one's trial is not completed.

Q. Is it fair to come to the conclusion from what has happened that the camp was not adequately guarded to protect against all kinds of loss?—A. I think it depends on what you mean by "adequately guarded". Obviously the guards there, because of dishonesty, did not protect the camp against loss. In terms of the stores that were there, we would consider and had considered that it was adequately guarded. The cost of providing additional guards at that camp would not have been worth while, and had those two men done their job as they should have done, there should have been adequate protection.

Q. I have never seen the camp. The camp was of such a nature that two men could provide adequate day and night coverage in all parts of the camp at all times?—A. The court of inquiry found that there were insufficient security guards to assure 100 per cent security and in order to have the number of guards the court of inquiry considered necessary it would have involved adding 14 additional guards, which would have cost something in the neighbourhood of \$30,000 a year for salaries.

Q. Mr. Chairman, the witness has just told us that to have complete coverage of the camp would have required 14 additional security guards at an annual cost of approximately \$30,000. What was the value of everything you had at Farnham at the time of the thefts?—A. The total value would be approximately, \$10,000, about one-tenth of the original investment.

Q. And how long had Farnham stood vacant and unused?—A. It stood vacant and unused from 1947 to 1949, approximately two years.

Q. Have you any figures as to the value of the material legally removed by authorized personnel for use elsewhere?—A. I have those figures. The value of the stores removed for various purposes, \$1,876.

Q. There was a press report, one at least, supposed to have originated with the army, to the effect that some \$50,000 worth of material was stolen from Farnham. Have you any explanation of that item?—A. I have no explanation of that item. I have not seen the press report myself.

Q. Just one more question—

The CHAIRMAN: Just follow that up and ask him if it is true.

Mr. APPLEWHITE: He said he has no knowledge of who authorized that item.

*By Mr. Applewhite:*

Q. Just one more question. Did the court of inquiry or some investigating body make some recommendations in this connection, and if so what was done about it?—A. There was a court of inquiry. Would you like me to read the findings of the court of inquiry?

Q. Yes.—A. First, that engineers' stores, buildings and ordnance stores had been irregularly removed from the camp and that the original cost of such loss was \$27,534.92. Secondly, these stores, etc., were removed during the calendar year 1949. Thirdly, two civilian caretakers had been directly implicated in the unlawful disposal of this material. Fourth that the provost corps and the R.C.M.P. on investigation had located certain quantities of stores and buildings; Fifth that the net loss after depreciation and recovery of missing material is \$3,551.16 and that this represented the net loss to the Crown; Sixth that absolute security would entail the employment of 16 men at a salary of \$1,500 per annum. This would cost \$24,000 per year against the then present cost of \$3,000. The original cost of the camp was \$96,344.40 including clearing, excavation and services. Seventh that in some instances thefts were not reported promptly by the command engineer officer to the assistant provost marshal. Eighth that

the original cost of the camp including clearing, excavation, services and so on was \$96,344.40 and that based on a life expectancy of ten years, the value of the camp in 1949 had depreciated to \$9,634.44.

Those are the findings of the court of inquiry.

*By Mr. Cavers:*

Q. What steps were taken with this officer who failed to report the losses in due time?—A. What is meant by this reference in the court of inquiry is that the caretakers at the camp did not report the thefts promptly to the command engineer officer, and he in turn not having that information was unable to report it to the provost marshal.

Q. I thought the finding of the court of inquiry referred to the fact that the commanding officer did not report in due time—and that indicates that he had knowledge there which was not communicated to his superior officer?—A. May I bring that information for you. It is not entirely clear.

Mr. STEWART: Mr. Chairman—

The CHAIRMAN: Just one moment. Does your question follow along this line of questioning Mr. Stewart?

*By Mr. Stewart:*

Q. Yes. If I understood you you said that the caretakers did not report the thefts. One would scarcely expect those who committed the thefts to report the loss and the question I have is what audits were made of those stores in 1949?—A. There were no audits made of those stores during that period. There was an engineer officer who was detailed to report on or examine the camp periodically during this period; and he did in fact go to the camp but he failed to note during the period that any losses had taken place.

Q. In terms of the theory which has been presented to us how often should an audit have been made of those stores?—A. This camp was under Care and Maintenance—that is it was set aside to be disposed of through Crown Assets Disposal Corporation. There were no accounts kept at that camp.

Q. And I assume the engineer officer who was responsible did not notice for sometime that a certain number of huts had disappeared?—A. That is right.

Q. Has there been any disciplinary action taken in that case?—A. No disciplinary action was taken against the member of the force who was responsible for examining the camp. The circumstances were such that it was considered that there was no negligence on his part in the performance of his duty. He had at that time four other camps which he had to inspect. As a result, his inspection of this camp was of a somewhat cursory nature. He went out, talked to the caretakers and so on, and drove through the camp, but apparently he did not by that process discover that certain huts and other material had been stolen.

Q. Is the same cursory examination made of the other camps which are on a similar basis?—A. I am sorry I missed that.

Q. Is the same cursory examination made of the other camps which are on a similar basis?—A. There are no other camps on this basis at this time.

Q. What about the other camps which he was supposed to inspect or keep an eye on? Was anything found short there?—A. No, they were active units. They were not under caretakers.

I might perhaps, in answer to your earlier question, elaborate a little on what I said. The commanding officer, in reporting on the works officers who were concerned, said that in his opinion they did not fully carry out their duty in checking the camp. They relied too much on the word of the two caretakers, but his conclusion was that they were conscientious men who did act in good faith and the deficiency was explainable in the circumstances.

The CHAIRMAN: Mr. Fulton.



*By Mr. Fulton:*

Q. Mr. Chairman, is there any more definite information as to the length of time during which these disappearances were taking place? What did the court find—anything beyond just “during 1949”?—A. The court found they were removed during the calendar year 1949.

Q. How did the thefts actually take place? How were they removed? The court must have outlined or you must have available some information as to how these robberies were carried out?—A. The huts were put on trailers and carried out of the camp.

Q. Whole, or sawn up?—A. This was done at night and they were removed as such—whole.

Q. Where were they taken? Where were those which were recovered found?—A. They were recovered from various farmers and other individuals in the area who had purchased them.

Q. Was any recovery of the purchase price made?—A. The department recovered the huts that were found—whether the individuals recovered what they paid for them I do not know.

Q. No, I was thinking of the persons who stole them and therefore received proceeds. Was any recovery made there?—A. There was no recovery that I know of from the individuals who stole them. They sold them and we got the property back, but not a recovery from them.

Mr. HARKNESS: You instituted no action against the people who perpetrated—

The CHAIRMAN: Just one moment, gentlemen, have you finished, Mr Fulton?

Mr. FULTON: Not quite.

The CHAIRMAN: Well, let him finish.

*By Mr. Fulton:*

Q. How were the thefts discovered?—A. The inquiry that led to the discovery of the thefts resulted from a letter written to War Assets Corporation which indicated thefts were taking place at the camp. That letter was forwarded to the Department of National Defence and an investigation was ordered immediately. That took place and, as a result, these thefts were determined.

Q. Was that a letter from a civilian?—A. From a civilian.

Q. Where did he live?—A. I have not got his place of residence here.

Q. Mr. Armstrong, it seems to me you told us the thefts took place with the connivance of the civilian guards. Did I understand you to say they were—

Mr. BENEDICKSON: They were implicated.

Mr. FULTON: Two civilian guards were implicated, but did I understand you to say that both civilian guards were charged in the courts?

The CHAIRMAN: Not in the civil court—in the criminal court.

Mr. CAVERS: Yes, criminal court.

The WITNESS: Both were charged in the criminal courts.

Mr. FULTON: If trucks came in and drove out with whole huts on them were there any persons implicated besides the two civilian guards?—A. There were others implicated but the evidence was not sufficient to proceed with charges.

Mr. STICK: Even when they had been stealing goods from the premises.

*By Mr. Fulton:*

Q. One other line of questioning. You have told us the theft was discovered as the result of a letter from a civilian. Is there anything on the record or any information or anything of your knowledge which would lead us to assume

that, had the civilian letters not been received, the theft would have been discovered as the result of the inspection processes which National Defence Department had laid down?—A. I would have expected it.

Q. And which were carried out?—A. I would expect they would have been discovered.

Q. How long do you think that would have taken?

The CHAIRMAN: Mr. Fulton, you asked a question which was quite improper I thought, I was going to check it before the witness gave the answer, but now you have received the answer although I do not think you like it very much. I do not think it is fair to ask him whether that would or would not have been discovered. He says that as a result of information they discovered it. Now, that is his answer.

Mr. FULTON: Yes, well, Mr. Chairman, could we have the court of inquiry tabled.

The CHAIRMAN: He read the recommendations of the court of inquiry in full. I do not know whether the evidence is available and there has been no decision on that aspect by the committee.

Mr. FULTON: What objection is there to tabling the report?

The CHAIRMAN: Mr. Fulton—

Mr. FULTON: Just one minute.

The CHAIRMAN: No, it is my turn. When you say: "What is the objection to tabling the evidence—I did not say there was any objection. That was your word. I said I did not know whether it was available but we can find out. You have asked for it and we will find out if it is available—and if it is available we will then make a decision.

Mr. FULTON: Then ask him if it is available.

The CHAIRMAN: I do not know—is it?

Mr. DICKEY: I think the committee decided to have the findings and recommendations and the findings and the recommendations of this court are on the record. I am sure there is enough material now for Mr. Fulton to ask questions on. I do not think we should clutter up the record with the evidence of the court of inquiry.

Mr. FULTON: It is interesting to note that Mr. Dickey's opinion is that the record would be cluttered up. However, I am asking whether the court of inquiry can be tabled. I ask if it is available. As I understand it, and this is the reason I asked the question, those civilians who are suspected of being implicated have been charged and nobody is going to be hurt by tabling the evidence taken before the court of inquiry?

Mr. LARSON: Isn't that in the criminal courts?

Mr. FULTON: I am speaking of the court of inquiry.

Mr. LARSON: Wouldn't that have been tabled in the criminal court?

The CHAIRMAN: Well, Mr. Fulton, you have made a request. On the May 13th sitting it was decided—and the minutes say this: "To make available to the committee the findings, the recommendations and the remedial action taken in specified cases." Now, that was the decision of the committee at that time.

Mr. CAMPNEY: After a good deal of argument.

The CHAIRMAN: You are asking to table the evidence in the court of inquiry—

Mr. HARKNESS: Was that not in connection with auditors' reports?

The CHAIRMAN: There were three things—the auditors' reports, courts of inquiry, and courts martial.

Mr. HARKNESS: If you will look that whole thing over I think the committee more or less decided that the three should not be dealt with as the same kind of thing.

The CHAIRMAN: I will read from the minutes of proceedings:

Following a specific request of Mr. Adamson, and after a lengthy discussion on the propriety of producing auditors' reports, courts of inquiry and courts martial, it was decided, in respect of losses etc. at camps other than Petawawa, to make available to the committee the findings, the recommendations and the remedial action taken in specific cases.

That refers to the three, and that was the decision of the committee.

Mr. CAMPNEY: After an hour's argument.

Mr. FULTON: I do not recall, Mr. Chairman, that there was any discussion specifically directed to the question of the evidence taken before these courts of inquiry. I may be in error in that but is there any rooted objection to tabling the evidence and the proceedings of this court?

The CHAIRMAN: We discussed that at the time. I will find it in the evidence for you. I do not know of any rooted objection but that was the decision we made and it is the decision the chair is bound by.

I think the tenor of the discussion at that time, was that the evidence may reflect upon other people who may or may not be involved, who may be innocent; and consequently it was thought that that was not the way to deal with it. As long as we had the findings and the remedial action taken it would be satisfactory. The decision at that time was unanimous in this committee.

Mr. ADAMSON: Recommendations also Mr. Chairman.

The CHAIRMAN: Yes.

Mr. ADAMSON: I may say I particularly wanted the recommendations made by the auditors on those two specific matters.

Mr. BENIDICKSON: It is all on the record.

The CHAIRMAN: You had this morning the findings and the recommendations.

Mr. FULTON: In this case we were told that the civilians suspected of being implicated were charged in the criminal courts. One has been found guilty and the other has not.

Mr. CAVERS: It has not been completed.

The CHAIRMAN: I am now informed it has not yet been disposed of.

Mr. FULTON: That is a statement from Mr. Armstrong?

The CHAIRMAN: Yes.

Mr. FULTON: Then there would be perhaps some objection in this case.

The CHAIRMAN: Mr. Harkness asked for the floor.

Mr. HARKNESS: No.

The CHAIRMAN: Then Mr. Adamson and Mr. Churchill next.

Mr. ADAMSON: Are you going to continue about this evidence?

The CHAIRMAN: No, that is dropped.

*By Mr. Adamson:*

Q. I would like to ask the dimensions of the huts that were loaded on to those carriers?—A. I have that information. I have not got them all but the kitchens that we mentioned were 12 x 24. The shower huts would be smaller than that and the latrines would be somewhat smaller still. The kitchens were the largest buildings and they were 12 x 24.



Q. When they were recovered, assuming that they had been bought by a farmer, were they removed from the farmer's property by the same process—by trailers?—A. The provost and the R.C.M.P. made the recoveries and I assume they used the same sort of vehicles to get them back.

Q. Just one more question. Amongst the stores that were lost was an item of copper wire—25,000 feet and the average cost was \$33.60 per 100 feet. That item alone comes to some \$8,500. How is it that if in just one item we have a figure of \$8,500, the total loss is estimated at some \$3,000? There is no depreciation on copper wire?—A. The figures I gave you were the original cost per 1,000 feet. The figures that are shown here are the value of the stores stolen based on the depreciated value.

Q. There is virtually no depreciation in copper wire. As a matter of fact, the cost of copper wire has gone up.

Mr. DICKEY: I think Mr. Adamson is using \$33.79 per 100 feet when it is actually \$33.79 per 1,000 feet. That makes the amount one-tenth less.

Mr. FULTON: He said per 100 feet.

The CHAIRMAN: Just a moment he has the information here.

The WITNESS: Per 1,000 feet the cost is \$33.79.

Mr. ADAMSON: Even so, that one item is very nearly one-third of the total loss—\$850 out of \$3,000. It is certainly over one-quarter of the loss in that one item. It seems to me there is some discrepancy between the figures given if we have one item of copper wire—and there is apparently a page and a half of items—if one item comes to \$850 out of a total loss of \$3,000 it seems to me there is some discrepancy between the loss as estimated by the department and the actual value of the loss?

The WITNESS: I have the list here. This particular copper wire you are speaking of, which had an original value of roughly \$850 as you said, was valued at the time of the loss at \$169.50. That is the sale value—the estimated sale value of that particular wire that was lost, as determined by competent technical people.

The CHAIRMAN: When was this fixed?

The WITNESS: That was determined in the court of inquiry.

The CHAIRMAN: The approximate date?

The WITNESS: In 1949.

*By Mr. Adamson:*

Q. I can see there might have been a greater write-off had it been insulated wire and the insulation gone—but copper wire does not depreciate.—A. I am told that this is insulated wire, this particular wire, is number 6 WP covered wire.

Q. It is weather proofed.

The CHAIRMAN: Now, Mr. Churchill.

*By Mr. Churchill:*

Q. I understood the witness to say that the 183 buildings had been sold to War Assets. What year was that? And secondly, when were these buildings removed?—A. The buildings were sold by Crown Assets Disposal Corporation in 1950.

Q. And were they removed at that time?—A. I have not got the date when they were actually taken out of the Farnham Camp. They would have been removed within a matter of months, but I have not got the precise date when the buildings were taken out of the camp.

Q. Just one other question: With regard to the court of inquiry, it estimated that 16 guards would have been required to give adequate protection.

Can you give us any indication how that figure was arrived at, and why 2 civilian guards would be required under certain circumstances, when, after a court of inquiry, the figure would be raised to 16?—A. The court of inquiry found that absolute security would entail the employment of 16 men. This camp has a perimeter of 13 miles. There are six square miles in the camp. In order to provide security on a 24-hour basis, which would involve three shifts, the number of guards required to provide absolute security for a camp of that size was said to be 16.

Mr. FULTON: Who were the personnel of the corps, and what were their names?

The CHAIRMAN: I do not see any objection to it, myself.

The WITNESS: I have that information.

The CHAIRMAN: Go ahead.

Mr. ADAMSON: It seems to me that the caretaker should be an honest man.

The WITNESS: In answer to Mr. Fulton's question, the president of the corps was Colonel Elwood, commandant, 25 Central Ordnance Depot. The members of the court were Lieutenant-Colonel P. M. Desautels, Command Supply and Transport Officer, Headquarters, Quebec Command; Lieutenant-Colonel A. J. R. Stéthem, Command Electrical and Mechanical Engineer, Headquarters, Quebec Command; Major P. E. Amyot, Command Signal Officer, Headquarters, Quebec Command; Captain R. M. Orencey, Royal Canadian Ordnance Corps; and Captain M. C. M. Cameron, Royal Canadian Engineers.

The CHAIRMAN: Mr. Blanchette.

*By Mr. Blanchette:*

Q. Would it be possible to find out what the total value of the furniture was that was stolen?—A. I do not think there was any furniture stolen. There was no furniture stolen from that camp.

Q. You say there was no furniture stolen?—A. No furniture stolen.

The CHAIRMAN: One moment, please.

The WITNESS: No furniture.

Mr. BLANCHETTE: Thank you.

The CHAIRMAN: Mr. Pearkes.

*By Mr. Pearkes:*

Q. Did the evidence indicate that the guards had sold these huts and stores to other individuals, or did they just look the other way?—A. The evidence indicated that the guards were selling the huts.

Q. I take it that the farmers who were there might have believed that they were purchasing the huts through the ordinary channels when they took them away?—A. The farmers apparently believed that they were purchasing the huts through authorized channels.

Q. Could you say when these huts were declared surplus to War Assets, were they declared surplus before the thefts or not?—A. The 183 huts of which I spoke were declared surplus on December 28, 1949.

Q. That was before or after?—A. That was after the thefts.

The CHAIRMAN: Mr. Adamson.

Mr. ADAMSON: The farmers must be pretty aggrieved to purchase huts in good faith and then find the Mounted Police and others coming around and taking them away from them.

Mr. APPLEWHAITE: Did that apply as well to stores, such things as windows and so on?

The WITNESS: That applied to the whole of the camp; it was all declared surplus.

Mr. CAMPNEY: When were negotiations initiated with War Assets to take over this camp? You said they were completed in December, 1949; but when were they initiated?

The WITNESS: They were declared surplus in December, 1949; but there may have been an earlier action which was cancelled. I will get you that information.

Mr. APPLEWHAITE: I just wanted to make an observation, Mr. Chairman.

The CHAIRMAN: Would you mind putting your observation in the form of a question.

Mr. APPLEWHAITE: Yes, I will do that, if it is a fair question to the witness. I would ask the witness if it is true that the whole camp disappeared, and that it all disappeared except for a few of the walls, and foundations which could not be conveniently removed; and that it is true that the administration building is still standing, and that the drill hall is being used and the power house, but as far as anyone can see, every thing else has gone?

The WITNESS: No sir, the camp did not disappear.

*By Mr. Fulton:*

Q. That is the situation today, but did I not understand you to say that today the huts have been declared surplus, and sold and removed?—A. Oh yes, today they have been removed.

Q. So the question just asked you by Mr. Applewhaite would apply to anyone looking at the camp today, would it not?—A. That is the case.

Mr. APPLEWHAITE: Exactly!

The CHAIRMAN: Mr. Pearkes.

*By Mr. Pearkes:*

Q. Are any buildings left at all?—A. The administration building is still there, so I understand.

Q. What steps are being taken to prevent that administration building from being stolen?—A. I believe that it has probably been sold, but I will have to get that information.

The CHAIRMAN: Gentlemen!

Mr. DICKEY: Would it be correct to say that that building was included in the declaration of surplus and it is now not under the authority of the Department of National Defence?

The WITNESS: We would have to get that information.

The CHAIRMAN: Mr. Stick.

*By Mr. Stick:*

Q. When a camp is declared surplus and passed over to Crown Assets for disposal, who is responsible for the security of that camp? Is it Crown Assets or the Department of National Defence? What is the procedure there?—A. We continue to remain responsible. That is, the department remains responsible until the assets are disposed of.

Q. You say you are responsible for the security of the camp?—A. That is right. That security function is undertaken by the department acting as an agent of the War Assets Corporation at that time.

The CHAIRMAN: Mr. Fulton.

Mr. FULTON: I wonder if the witness is in a position to tell us anything about one civilian. It is noted here that his trial was pending. This is 1952,



and the theft was reported in September 1949. That is a long delay. Can you make any comment on that?

The CHAIRMAN: I do not know if he can or not, but should he? I doubt very much if he should. I don't think it is a subject for comment by Mr. Armstrong, I think.

Mr. FULTON: I think I can make it a proper question by narrowing it down. Do you know whether the charges are to be continued or dropped?

The WITNESS: The matter of prosecution in this case is in the hands of the Attorney General of the province.

Mr. HARKNESS: Can you tell us if the decision to abandon this camp and sell off whatever assets remained there was taken as a result of the thefts which had taken place?

The WITNESS: No, it was not as a result of the thefts which took place?

The CHAIRMAN: Gentlemen, are there any further questions, or any further information anyone would like to have?

Mr. CAVERS: No, everything is fine!

The CHAIRMAN: Mr. Blanchette.

*By Mr. Blanchette:*

Q. Was any of that copper wire recovered, Mr. Chairman?—A. Some of the wire was recovered, but I have not got the actual quantities.

Q. Could you get the actual quantities for me that were recovered, in view of the statement that there were a number of miles of copper wire which disappeared?

Mr. McILRAITH: Where was that statement made?

Mr. BLANCHETTE: In the House of Commons.

The CHAIRMAN: Gentlemen! Mr. Stewart has a question.

*By Mr. Stewart:*

Q. In connection with those buildings that were stolen and repossessed, were they taken back to the camp from the farmers' property, and if so, what was the cost of transportation back to the camp?—A. I have not got the cost of transportation back to the camp.

Q. I was wondering if it cost more to take them back than we got from selling them, I mean the 183 buildings?

Mr. STICK: I imagine that the farmers would take them back themselves. They would be delighted to do so.

The CHAIRMAN: Gentlemen! The question is: How much did it cost to take them back, and was it worth it? I suppose the answer was that they had to take them back whether it was worth it or not. It was property which had been stolen, and it had to be brought back to where it originally belonged. They were bound to do that in any event. The witness can only give an opinion. He does not know any more about that aspect than we do. Has anyone else any more questions with respect to Farnham Camp, or any further information he would like to have, or is there any answer he would like to have amplified?

Mr. ADAMSON: There was no mention of stoves, and as most of them were kitchens, I was wondering about stoves and bake ovens.

The WITNESS: There was one bake oven.

Mr. ADAMSON: Yes, there must have been.

The WITNESS: That is all. There were no stoves stolen. There was only this one bake oven.

The CHAIRMAN: Mr. Weaver.

Mr. WEAVER: I have a question, but it is not one dealing with Farnham.

The CHAIRMAN: Gentlemen, that concludes Farnham. I hope everyone has ample opportunity to ask any questions he would like, because the witnesses are here and they can and will do the best they can to answer.

*By Mr. Pearkes:*

Q. I take it that I shall get an answer to my question on what steps are being taken to safeguard what property there is at Farnham?—A. I will get that information for you, I hope, before the end of the meeting.

Q. In view of the chance of this thing happening again, if there has been a report, let us see what has been done now to stop it. I presume there are stores there still.—A. I said there are no stores there, but that an administration building is still there.

Q. All the pipes and wires and stuff has been moved elsewhere?—A. It has been moved, as far as I know. I am getting that specific information for you.

Mr. ADAMSON: Some reference was made to the system of internal audit. Was this policy not instituted after the losses had been reported at Farnham Camp?

The WITNESS: The chief auditor, that is, the organization which you are referring to, was instituted in 1948. During 1949 it was in operating function; but there were no accounts there as the camp was under "care and maintenance", with the indication that it would be disposed of, and there was no account for any one audit at the camp.

Mr. ADAMSON: These whole thefts or lootings or disappearances could be termed as an inside job?

The CHAIRMAN: "Looting" is a word used only in the House of Commons. In committee it is "theft".

Mr. CAMPNEY: "Looting" in the House of Commons is accompanied by such adjectives as "colossal".

Mr. ADAMSON: Any stealing and removal of these huts and other equipment was done entirely by the caretaker?—A. As I said, there were others implemented, but there was not sufficient evidence to charge any one but the caretaker.

Q. Has the department ever considered, when placing caretakers in a position of trust, that they should have them bonded?—A. I do not believe any of the caretakers are bonded. We do, however, bond anyone who handles cash.

Q. It seems to me that if you had had a nice bonding company, there might have been more observation done.

The CHAIRMAN: I do not think the company would have been in business long.

Gentlemen, my thought was that we might spend the remaining time in discussing "Stadacona". Mr. Weaver has a few questions. At the next meeting we intend to deal with Plouffe Park and Trenton. If there are any other fires that you are interested in we will be very glad to have the information that you require at that time, but those two will be first on the agenda at the next meeting, if that meets with your approval.

Mr. ADAMSON: May I make one comment on that. I asked for those reports because I thought they would disclose the pattern of what is happening, and I thought that would come to the core of this hole business of fire and arson and that sort of thing, and I would like those reports to be as complete as possible, with every detail in them so that this committee will be able to judge the whole efficiency of the system.

The CHAIRMAN: Gentlemen, we have 20 minutes yet and we have a great deal of work. Mr. Weaver, have you a question?

*By Mr. Weaver:*

Q. In connection with the totals, the sum of these losses by thefts, fraud and fire and other write-offs, there is shown a total figure here, in the three services, of \$2,212,931. Now, under the other write-offs in exhibit B, we found the last day that there was a column C "Amount and Date of Write-off", and column D "Surplus Taken on Charge", and in many cases the surplus taken on charge is greater than the amount of write-offs. Is this \$2,212,931 the sum of column C throughout, or the net of columns C and D?—A. That is the sum of column C; it does not take account of the surplus that is taken on charge.

Q. Would it be too much to get the total of column D throughout, so that we can have the total amount taken on charge?—A. We will get that.

The CHAIRMAN: Now, Mr. Armstrong, will you please step up to the chart again and give what information is required?

The WITNESS: Are there any questions on this chart itself, the organization of H.M.C.S. "Stadacona"?

*By Mr. Dickey:*

Q. The supply officer you were referring to in the evidence last day is, I presume, the officer in charge of the supply section which is shown on this chart on the top left.—A. Yes.

Q. And that is the supply officer of H.M.C.S. "Stadacona"?—A. That is the supply officer of H.M.C.S. "Stadacona".

Mr. LARSON: Everything that comes to Stadacona comes through him?

The WITNESS: Yes.

*By the Chairman:*

Q. Who will handle the supply for the gunnery school?—A. The gunnery school will demand on the supply officers for supplies and they will be issued from the supply branch to the gunnery school. On permanent stores the gunnery school keeps their own inventory and inventory records.

Q. And do they have their own supply officer?—A. No, they have not their own supply officer.

*By Mr. George:*

Q. Would you differentiate between permanent stores and barrack stores?—A. Barrack stores would be permanent stores. Permanent stores cover all stores that are not consumed in use.

Q. What about training stores?—A. Training stores would be permanent stores, for the most part. Both training stores and barrack stores, the equipment that is in the gunnery school or the navigation school or any of these schools, films, if there are films, those are all permanent stores carried on the permanent inventory. There are a great number of such stores in this kind of establishment which is highly technical.

Mr. ADAMSON: The electrical school would draw directly from supply as well? You have put them there, but it does not mean that there is a chain through the gunnery school to the electrical school?

The WITNESS: Each draws on supply. Supply services them all.

The CHAIRMAN: If there are no further questions, we will revert back to our books.

*By Mr. Applewhaite:*

Q. Mr. Chairman, just before you leave the navy—I hate to do this, but I think I have had an incomplete answer. The witness was kind enough to produce, at my request, the findings of the administrative authority in connection with the affairs at Dartmouth and Halifax. I did not have a chance



to read them when they were handed to me, but I have had an opportunity to do so since, and I find that they are merely statements of facts as to how the fire occurred. What I would like to know is, as the result of these two investigations were there any suggestions or recommendations made for improvements?—A. Yes, there were. The fire in hangar No. 110, that is item serial 2, losses due to fire, loss \$2,200. As a result of the fire, the boiler rooms in this case were examined and metal and asbestos sheeting was intalled to prevent or at least lessen the possibility of a similar fire starting again. In fact, that boiler room, or that type of boiler room was to be replaced, within a matter of a few years, so it would not have been worth while taking any more elaborate steps than that, and those precautions were taken.

Q. Were they also taken at any other similar establishments under the control of the navy?—A. Yes, all similar boiler rooms were examined. In regard to the second one, the rest room in which the clothing was stored away was moved to a shed outside the main building; metal lockers were also provided for stowing working clothes, and orders were issued to all naval units to take precautions along similar lines to prevent that sort of outbreak occurring.

Q. Was it done? That is what we want to get at. Orders were issued, I take it, to substitute metal for wooden clothes lockers, but was it done?—A. I assume it was done. I could not tell you specifically if it has been done in every single case. These precautions are examined when the inspection and audit is made, and they are examined by the naval fire marshal. If it was not done he would see that it was. That is, if a unit failed to implement the instructions that were provided when that inspection took place, he would take action to see that the instruction was followed. I could not tell you at the moment of any case where it was not done. There may be cases where it was not done, but presumably it would have been found out in time.

The CHAIRMAN: Are you satisfied, Mr. Applewhaite?

Mr. APPLEWHAITE: Not quite, but I guess it is impossible for this witness to give us the answer, but I do think if this inquiry along the lines of fires, etc., is going to be of any value, that is what we want to know—when a weakness has been pointed out, has that been corrected?

The CHAIRMAN: I think there is a point there, Mr. Applewhaite, and I think you had better prepare yourself in future, Mr. Armstrong, to have such an answer if you can. You say the recommendation was made. Was the recommendation carried out?

The WITNESS: I did not say the recommendation was made, I said instructions were issued. As I say, when instructions of that kind are issued, one expects them to be carried out and if they are not carried out, we have arrangements that enable us to find that out and see that they are. It is very difficult, in any particular instance, to say throughout this vast organization whether or not every regulation that has been issued is being carried out, because there are some that obviously will not be. We have our inspection and audits to determine that and take prompt action when we find there is not compliance.

Mr. DICKEY: But there is a regular system to see that those instructions are carried out?

The WITNESS: That is right.

Mr. ADAMSON: Mr. Armstrong, before we close and à propos the next meeting, I wonder when we are discussing the fire Central Ordnance Depot here if we could have the report made by the chief of the Ottawa fire department. I think he made a report. I wonder if it would be possible to have that along, too?

The WITNESS: Yes, if he made a separate report.

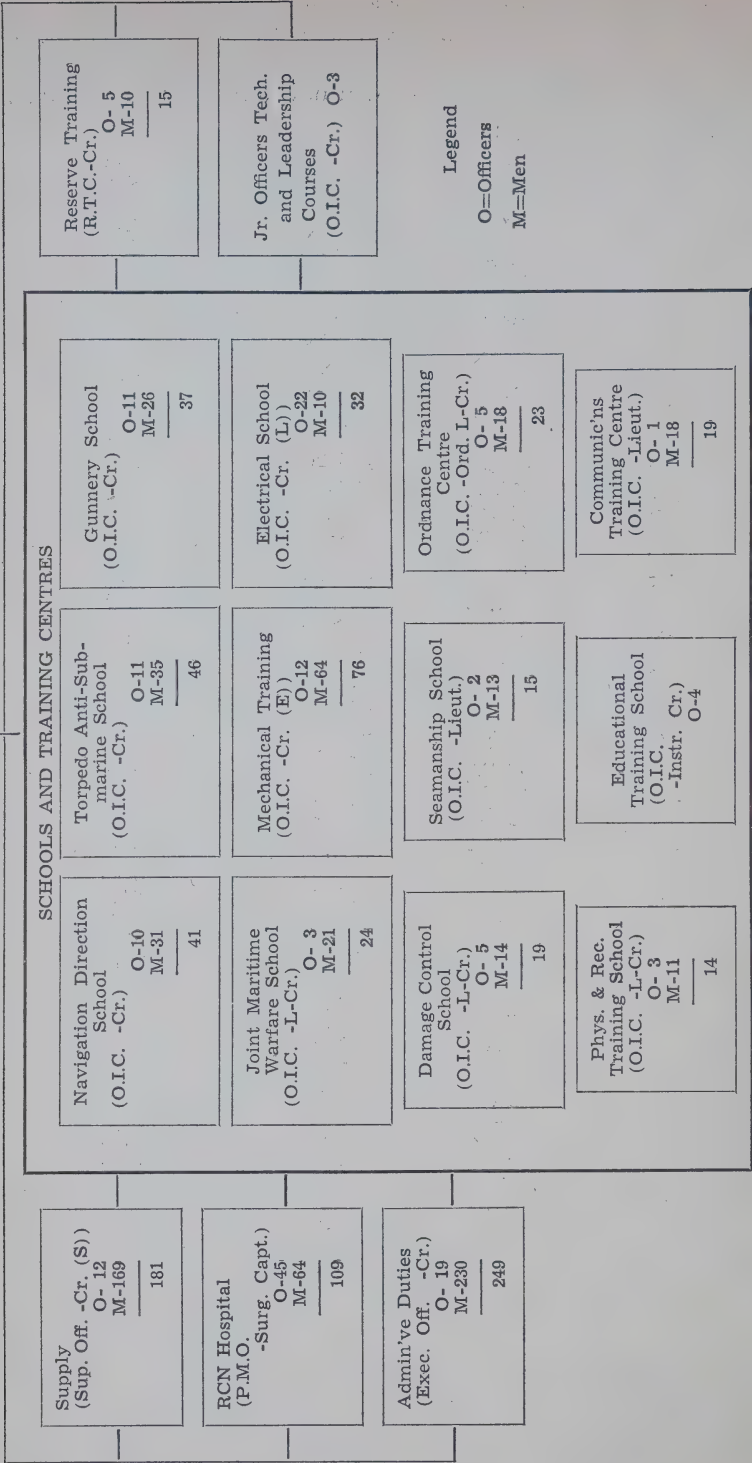
Mr. ADAMSON: I think we will want to get all the pertinent evidence we can on this affair.

The CHAIRMAN: Gentlemen, we will now adjourn till Thursday.

The meeting adjourned.

H.M.C.S. STADACONA  
Organization chart  
(Reflecting 1951-52 Approved Complement)

COMMODORE in Command  
Executive Officer (CR)



	O	M	Civ
Complement .....	173	734	200
Under Training, RCN.....	128	905	...
Under Training, RCN (Summer) } ..	475	150	...
Under Training RCN (R) }			



















Canada, Defence Expenditure,  
April 1952  
(HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

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SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

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## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

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THURSDAY, MAY 22, 1952

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WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department  
of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952



## ERRATA

No. 6—Minutes of proceedings and evidence.

- 1) page 163, line 15 thereof.

The words "being answered to" should read "being answers to"

- 2) page 164, line 9 thereof.

The words "the question was put on" should read "the question was put and"

## MINUTES OF PROCEEDINGS

THURSDAY, May 22, 1952.

The Special Committee on Defence Expenditure met this day at 11.00 o'clock, a.m. The Chairman, David A. Croll, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Campney, Cavers, Croll, Dickey, Harkness, Hunter, Jones, McIlraith, Power, Pearkes, Stewart (*Winnipeg North*), Stick, Thomas, Weaver. (18).

*In attendance:* Messrs. C. M. Drury, E. B. Armstrong and W. R. Wright, Department of National Defence.

The Chairman presented the Fifth Report of the Sub-Committee on Agenda, as follows:

Your sub-committee on Agenda held its seventh meeting on Wednesday, May 21, under the chairmanship of Mr. David A. Croll.

*Present:* Messrs. Applewhaite, Campney, Croll, Dickey, Harkness, McIlraith, Stewart (*Winnipeg North*), Thomas.

Your sub-committee considered the following proposed motion of Mr. Fulton, namely:

- (a) That copies of the Chief Auditor's reports on units, etc, at Petawawa Camp, completed in July, 1951, and June, 1951, and all other audit reports covering this camp as set forth at page 173 of the Committee's proceedings, be furnished the Committee at its next meeting.
- (b) That the Chief Internal Auditor of the Department of National Defence be called before the Committee at its next meeting to give evidence in connection with the said reports and the recommendations regarding administrative and security measures contained therein.
- (c) That competent witnesses be called from Petawawa Camp to outline the administrative and supervisory procedure in connection with stores, in force at the Camp at the time of the various thefts and losses, and also to give the total of losses to date.
- (d) That as soon as Mr. George S. Currie has completed his investigation at Petawawa, his report be placed before this Committee and that he be called for questioning on it.

Your sub-committee recommends that this motion be not proceeded with because its substance is materially identical to a previous proposed motion of Mr. Harkness, presented on April 24th, and reported upon adversely by your sub-committee on April 29th, in its Second Report adopted by the Committee.

Your sub-committee recommends that the first part of the meeting of Tuesday, May 27, be devoted to questions on No. 26 C.O.D. to follow up the Committee's visit the previous day."

On motion of Mr. Campney, said report was adopted.

Mr. Campney informed the members that the schedule for the proposed visit to No. 26 Central Ordnance Depot on Monday, May 26, will be available and distributed this day.

The Chairman tabled the following returns (marked as *Exhibits*).

Exhibit G: Breakdown showing details and amounts of stores included in return by Royal Canadian Navy on other Write-Offs. 1950-1951 shown under item XI.



Exhibit H: Institution of Naval Supply Depot Accounting procedure.

Exhibit I: List of Naval aircraft declared surplus 1950-51 and 1951-52.

Exhibit J: Outside assistance used by Boards Investigating Naval Aircraft crashes.

Exhibit K: Property still owned by DND—Farnham Camp and security measures taken to protect it.

Exhibit L: Disciplinary action taken against Quebec Command Engineer Officer for tardiness in reporting thefts at Farnham.

He also tabled two additional mimeographed sheets to be inserted in

Exhibit B. (Losses, etc. Navy)

Mr. E. B. Armstrong was called

The Committee resumed its examination on Exhibit C—(Losses etc., Army) and, as agreed at the last meeting, proceeded with the fire losses at No. 26 Central Ordnance Depot.

The witness (*relating his explanations to the building plan of the Depot.—see appendix No. 23 to this day's proceedings*) quoted findings and recommendations of the courts of inquiry and the action taken to implement such recommendations. He was questioned thereon.

In the momentary absence of the Chairman, Mr. Stick occupied the Chair.

At 12.55 o'clock p.m., Mr. Armstrong's examination still continuing, the Committee adjourned to meet again on Tuesday, May 26, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
Clerk of the Committee.

## EVIDENCE

MAY 22, 1952.  
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. First, we have the fifth report of the agenda committee, which reads as follows (*See Minutes of Proceedings*).

Mr. CAMPNEY: May I just say a word about the trip to 26 COD on Monday? It is proposed to have buses at the main door of the Parliament Buildings at a quarter to 10. I am having an agenda prepared which will be in each member's mail box this afternoon.

Mr. McILRAITH: What time will we be back?

Mr. CAMPNEY: It will be about lunch time, according to present plans.

The CHAIRMAN: Have I a motion to adopt the report?

Mr. Campney moves, seconded by Mr. Blanchette, that the report be adopted.

Mr. PEARKES: Speaking to that, Mr. Chairman. Unfortunately Mr. Fulton cannot be here this morning, but I am sure if he was here he would have expressed his regret that this motion of his did not appear acceptable to the steering committee, because he felt keenly that the original objections had been removed. Therefore, in his absence I will express what I know will be his sentiments.

The CHAIRMAN: The report is adopted as read.

Mr. WEAVER: Mr. Chairman, have you got an answer to my question?

The CHAIRMAN: I have some more answers here, I will see what I have.

I have a statement here, Royal Canadian Navy, other write-offs, central victualling depot at Halifax and Esquimalt, 1951-52. I am not putting it on the record because we have not put any of the others on the record. It is filed to be inserted in Exhibit B.

I have also an answer to a question by Mr. Macdonnell, "Breakdown showing details and amounts of stores included in return by Royal Canadian Navy on other write-offs, 1950-51, shown under item XI". My thought is that I will send a copy of the answer to the member who asked the question. I have not copies for everyone, but I think that for the moment may satisfy the committee.

There is an answer to a question by Mr. A. M. Stewart "re institution of naval supply depot accounting procedure".

I have also an answer to a question asked by Mr. Jones "re list of naval aircraft declared surplus 1950-51 and 1951-52".

Also, an answer to a question by Mr. Pearkes "re property still owned by D.N.D.—Farnham Camp and security measures taken to protect it".

Another answer to a question by Mr. Pearkes "re disciplinary action taken against Quebec command engineer officer for tardiness in reporting thefts at Farnham".

All those answers will be transmitted to the member who asked the question.

Mr. McILRAITH: Will they be written into the record?

The CHAIRMAN: We did not print all the others in the record, Mr. McIlraith. I would like some guidance from the committee. If these answers are printed in the record they will seem like an orphan since the others were not all printed.

Mr. APPLEWHAITE: If they are not on the record I think they should be read by all the members of the committee.

The CHAIRMAN: I think you are right. Copies will be delivered to you before the next meeting.

Gentlemen, I wonder if it is quite clear in your minds. On Tuesday next the first part of our meeting will be given over to answers and questions on matters that you might want clarified and amplified as a result of your visit to Plouffe Park. You may not wish to be too long on it.

For the present if you will look at the book on army, Exhibit C, under the heading "Losses due to theft, etc.—Army", look at item 13, item 17 and item 37. Mr. Armstrong will deal with fires in the order of item 37, which took place in March, 1950; item 13, in June, 1951; and item 17, in January, 1952. Mr. Armstrong has them arranged in a different order; he suggests that we start with item No. 13 first.

**Mr. E. B. Armstrong, Deputy Minister (Finance), Department of National Defence, called:**

*By Mr. Pearkes:*

Q. It would be better to work chronologically, would it not, because one might relate to the other or it might be suggested they would relate to the other and you would, therefore, have to refer back.—A. The reason I suggested working the other way is that some of the files in relation to the first fire are still on their way here from the depot, and while I have a good deal of information on it there may be detailed questions that will come up that I will be better able to supply you with information on after I get the files.

Q. If we get the general description of it in chronological order, and if there was any point on which the committee required further information, that point could be allowed to stand. I think it would be much easier for the members to understand it that way.

The CHAIRMAN: Very well, gentlemen, that will be the order.

The WITNESS: Mr. Chairman, to enable the committee members, since they have not yet visited the depot, to appreciate just what the lay-out is, we have brought a general plan with us this morning. (See Appendix No. 23 in this day's proceedings.) It is set up at the far end of the room. The thick black lines represent the fire-walls through the building. It is divided into sections. In section F are contained the areas for reconditioning of stores and the workshops engaged in that work. Area E contains medical stores and clothing stores. Area D contains medical stores and bin stores, clothing, tools and hardware, and also clearing areas behind in the back part of area D. That is the top part of area D. Area C contains dentists' stores and clothing, and area B has clothing, bulk tools and hardware, and area A, which is the area that was destroyed by fire in June, 1951, contained when in existence, paints and oils, packaging materials and cordage. The depot contains approximately at the present time 250,000 square feet of inside storage space. The accounting operations that are carried on in the depot relate as well to the sub-depot at Montreal. The space at Montreal is larger than the space at No. 26 C.O.D. There is approximately 625,000 square feet at Montreal, so the total depot takes in roughly 875,000 square feet. I think that perhaps is sufficient in the way of a general explanation, Mr. Chairman.

I have with me today the findings of the courts of inquiry with respect to each one of these fires. The first fire that occurred on March 6, 1950, in which the losses amounted to \$28,838.25, I will deal with first.

Mr. STICK: What was the amount of the total loss?



The WITNESS: The total loss was \$28,838.25, made up of \$9,615 building damage, and \$19,223.25 stores. The finding of the court of inquiry reads as follows:

The cause of the fire is unknown. However, it is considered that the fire was caused by spontaneous combustion and originated in a stack of returned clothing which was located near the return stores entrance of the depot.

Mr. DICKEY: Where is that on the plan?

The WITNESS: That is section F, at the Gladstone Avenue end, on the west side of the door closest to Gladstone Avenue.

The report reads, continuing:

The conclusion regarding the spontaneous combustion is arrived at because there was no evidence of fire in the area less than 15 minutes before the fire was noticed, yet the fire was burning fiercely when discovered. The fire was discovered by Commissionaire Janes. Commissionaire Janes yelled fire, sounded the alarm and then proceeded to fight the fire. Corporal White, of the Commissionaires, who was on duty at the main desk heard Commissionaire Janes shout and ran into the depot to see what was the matter. He then returned to the desk and notified the personnel there of the fire. The automatic fire alarm, which was rung by Commissionaire Janes, was received at the Dominion Electric Protection Company's office at 2048 hours. They immediately notified the Ottawa fire department, who sent equipment to the fire. There was no undue delay between the finding of the fire and the sounding of the alarm. These actions were almost simultaneous. Commissionaire Janes had a hose line playing on the fire within one minute of discovery of the fire. Major W. R. Peace is the Depot fire marshal and in charge of fire arrangements. He performed his duties satisfactorily. Sergeant Noonan was depot orderly sergeant and in charge of the fire piquet. The full piquet responded to the alarm.

*By Mr. Pearkes:*

Q. What is the size of the piquet?—A. About that time there were five members of the force on the piquet.

Q. And they were at the building at that time?—A. Oh, yes.

Mr. CAVERS: Do the five circles containing the letters "FP" indicate fire piquets in that diagram?

The WITNESS: Those are fire posts. At each of the fire posts there is fire-fighting equipment. The "FA" square red marks indicate fire alarm posts.

Continuing the report:

There was no failure of fire equipment—Equipment available is shown on the attached plan—  
—but I have not got that here—

The Ottawa fire department answers all calls within the city of Ottawa. In this instance there is a direct alarm from the depot to the Dominion Electric Protection Company who automatically notify the fire department on receipt of an alarm. The time required for the equipment from the nearest fire station to reach the depot is about one minute. It is estimated that the first fire truck reached the depot between three and five minutes after discovery of the fire. There is no cost for the services of the Ottawa fire department. The fire was discovered at 2048 hours, March 6, 1950. The fire department equipment left the depot at 0730 hours on March 7, 1950. No serious injuries were sustained by depot personnel. The estimated cost of structural repairs to the building as a result of the fire is \$9,615. There is no insurance.

The value of publicly owned contents which were destroyed or damaged in the fire is not immediately available. There were no privately owned stores in the building.

The person last in the building before the fire was discovered to be Staff-sergeant Lacroix. At approximately 2025 hours he inspected the return stores area, section 3, prior to leaving the building. He was not smoking and did not notice any evidence of fire.

No one can be held responsible for the fire.

*By Mr. Benidickson:*

Q. What constitutes a court of inquiry of this type? I do not necessarily want the names but is it all composed of military personnel?—A. These are all military personnel.

Q. How many and what are the ranks?—A. I will give you the names. The members of the court of inquiry were: Major J. H. Rankin, No. 35 Ordnance Ammunition Depot. He was the president. The members were Captain D. C. L. MacMillan, R.C.E. No. 3 Works Company Ottawa Detachment, and Captain D. C. Coughtrey, R.C.C.S., No. 3 Section A. & T. Staff.

Q. Did this court subsequently have anything to do with estimating the damage?—A. The estimate of damage is made independently of the court.

(Mr. Stick assumed the chair.)

The WITNESS: These are only estimates. The actual value is the figure you have in your submission.

Mr. PEARKES: Is there any confirming authority for the findings of the court or the losses of these sums of money. A major and two captains are not very senior officers or they might not be very experienced officers to deal with a loss of this nature. Are the findings of the court confirmed in any way or reviewed by superior authority?

(Mr. Croll resumed the chair.)

The WITNESS: The findings of the court are reviewed by the command and if the loss exceeds the power of the command in respect to write-off it is forwarded to headquarters and reviewed by responsible officers there. So, these are all examined by senior officers who are responsible for the activity that is affected by it.

Mr. PEARKES: Are there any remarks by the reviewing officers?

The WITNESS: The findings in this case were confirmed.

Mr. PEARKES: No remarks made?

The WITNESS: No remarks.

Mr. HUNTER: Was the fire investigated by the Ontario fire marshal?

The WITNESS: It was investigated by the city of Ottawa fire prevention bureau, but not by the Ontario fire marshal.

Mr. BENIDICKSON: Did this bureau make any recommendations?

The WITNESS: They gave evidence at the court, and their evidence was available to the court.

*By Mr. Weaver:*

Q. What is the Ottawa Fire Prevention Bureau?—A. It is a municipal organization in the city set up for the purpose of investigating fires for the city.

Q. What does it consist of?—A. I will have to get you that. I do not know the organization of the Fire Prevention Bureau in the city.

Mr. STEWART: Were any recommendations made by this court, Mr. Chairman?

The CHAIRMAN: Yes. Mr. Weaver wanted to ask a question and Mr. Stick wants to ask questions.

*By Mr. Stick:*

Q. Mr. Chairman, I want to follow up what General Pearkes has said about courts of inquiry. Would it be true to say that in all cases findings of courts of inquiry are submitted to superior officers for review?—A. That is right.

Q. That is a regular procedure?—A. Yes.

Q. That is what I thought. If, for instance, senior officers who reviewed those cases found there was not sufficient evidence or a point in the inquiry had not been brought out they could return it and call for a further inquiry?—A. That is correct.

Q. That is the procedure?—A. Yes.

Q. You are following now the regular army procedure—procedure in the British army in that case?—A. I do not know about the British army.

Q. Pretty well—you took it from there. In all cases the findings of the court of inquiry go to senior officers for review?—A. They do.

The CHAIRMAN: Mr. Stewart asked if there were any recommendations, Mr. Armstrong? Were there recommendations?

The WITNESS: Recommendations of the court of inquiry?

Mr. CAMPNEY: Mr. Chairman, I think we should consider that point for a moment. I thought we had decided that the findings of fact by tribunals such as are being discussed here, and the action taken by the department following their reports were to be placed before the committee. It seems to me if we now start to require or request recommendations of these courts of inquiry or of auditors or investigators, we are possibly going to destroy their usefulness. Many times such reports are made by junior officers to senior officers who may not agree with their recommendations. What seems important to me is what did the department finally do? I can see a very serious disability from the point of view of the department if these opinions and views from officials within the department to other officials within the department are to be made the subject of inquiry from outside. Looking to the future it could destroy their usefulness.

Are we not concerned first with the findings of fact and second the action taken by the department?

The CHAIRMAN: Isn't that exactly what we are doing? We have the findings, the recommendations, and what was done. It seems to me that is logical.

Mr. CAMPNEY: But if there is a recommendation made that was not acted upon we would be going into all the reasons.

Mr. BENIDICKSON: That is what we are here for.

Mr. CAMPNEY: Perhaps the senior officer reviewing the findings of a junior officer might make a different recommendation.

Mr. BENIDICKSON: We will find that out.

The CHAIRMAN: You have a point there. There may be good reasons for not accepting the recommendations, but I think we ought to satisfy ourselves.

*By Mr. Applewhaite:*

Q. The witness said the findings were confirmed. Does the confirmation include the recommendations?—A. No. The findings would be confirmed but that does not necessarily confirm the recommendations. The recommendations are dealt with again by the responsible officials and in each case are considered. They are not necessarily acted on—it depends on the decision after due consideration has been given.

Q. There was confirmation of the findings without comment, with no remarks, so are we justified in taking it from that that the recommendations were also accepted?—A. No.



The CHAIRMAN: Let us consider the recommendations. Someone will ask what was done with the recommendations?

Mr. ADAMSON: We have not got the fire out yet.

The CHAIRMAN: The fire department left at seven-thirty o'clock in the morning.

The WITNESS: The recommendations of the court of inquiry are:

As long as returned stores continue to be handled at 26 C.O.D., and as long as the stocks of clothing which are held in the depot contain used items, the risk of fire must be considered extreme. Under these circumstances it is considered that the provision of aids to fire fighting control are a matter of greatest importance. In view of this the court recommends:

1. That as long as the returned stores operation remains at 26 C.O.D., all returned stores received at the depot be processed immediately for removal of soiled, damp, or oily items. At the same time these items should be searched and all items (which may be in the pockets) removed.

2. Installation of adequate ventilation.

3. Installation of a sprinkler system.

4. Installation of transverse drains to prevent water running the length of the building.

5. Removal of the returned stores operation from the depot building. If this is not possible then, then erection of a fire wall should be considered.

6. Provision of accommodation for oils, paints, and low flash point materials outside the depot building.

7. Increased frequency of watchmen patrols so that each section of the depot will be visited once every fifteen minutes.

8. Complete palletizing of all stores in 26 C.O.D.

Mr. ADAMSON: What is that?

The CHAIRMAN: What is the meaning of the word?

The WITNESS: Palletizing. A pallet is a platform on which stores are piled. There is a space beneath. They rest on two boards, probably not 2 x 4's but that will give you the idea. A fork lift truck comes along, puts its fork lifts under the pallet, and then the package or load is jacked up and stacked. It is a modern warehousing procedure used at these depots.

9. Immediate installation of locks which will be capable of being opened from the outside of all exterior doors of the depot.

10. Installation of an annunciator system to indicate the location which is rung is desirable but not essential.

11. Setting up of a central fire depot where personnel will be able to obtain rubber coats, fire helmets, and similar types of equipment for fighting fires. This should include tools which might be required, such as saws, hammers, wrenches, and so on.

Those are all of the recommendations.

The CHAIRMAN: I imagine that someone on the committee is going to immediately ask: What was done with those recommendations. There are three fires. Suppose we now deal with the next fire in sequence and see what the recommendations were, and afterwards deal with the last fire. Then we can reach a conclusion as to what was done or not done—does that procedure appeal to the committee?

Mr. APPLEWHAITE: Before you proceed, I want to ask about five questions which I think will be applicable to them all.

The CHAIRMAN: All right.

*By Mr. Applewhaite:*

Q. I note from the chart that you have a central passageway right down the building; are there automatic fire doors there?—A. Yes, there are automatic fire doors at each opening you see in the passageway.

Q. How many stories does the building consist of?—A. It is one story. The warehousing section is all one story.

Q. Has it a basement?—A. No basement.

Q. There are no stores except on the one floor?—A. There is a mezzanine floor in the centre of the building. That is where the office space and so on is. That is the only place where you have a second storey in the building.

Q. The existence of that mezzanine floor does not break the fire wall?—A. It does not break the fire wall.

Q. Where was the location of the main desk at which you said the corporal got the first fire alarm?—A. I will have it pointed out.

(At door opposite Oak street.)

Q. The corporal who was called out was in section D and the fire was in section F. I want to know what happened with the fire doors because, if they automatically closed at the time of the alarm how did this man get from D to F? What was the status of the fire doors at that time?—A. Those doors are counterbalanced with weights so that they can be opened for an individual to go through if it is necessary that he should do so. The door closes automatically when the fusing breaks with heat but it can still be opened. It does not mean there is no possible access to that part of the building when it is closed.

Q. The doors themselves are not automatically closed by ringing the alarm?—A. They are automatically closed with heat. They have a piece of fused metal—I am not a technical expert but as I understand the procedure the fusing will melt with heat and automatically causes the door to close.

Q. Are they closed by human agency at any time and if so, when?—A. When the sprinkler system which is almost completely installed now is fully operative they will be closed all the time during the silent hours. When they are carrying on operations in the depot the doors are open because they must use the passageways.

Q. At the time of this fire on the 6th of March was there any other way of closing the doors—except until there was a sufficiently hot fire to close them?—A. Oh, yes, they could be closed by hand at any time.

Q. Do you know whether they were?—A. They were closed.

Q. After they are closed they are of such nature that people can go through them and they will automatically shut themselves?—A. They will automatically shut if someone does go through.

Q. Do you know at what stage of this fire on March 6th those doors were closed?—A. They were closed as soon as there was an indication—that is as soon as smoke started drifting out they closed the fire doors to protect the other sections of the depot.

Mr. STEWART: They were not closed during the quiet period?

The WITNESS: No. It is not the practice now to keep them closed during the quiet period. It will be the case when there is a complete sprinkler system. Then in this depot each section will be closed off. The fire doors will be closed all the time during the quiet periods.

Mr. APPLEWHAITE: Do they have to be closed individually or were they closed by some master switch?

The WITNESS: Individually.

Mr. PEARKES: At the time of this fire there was no sprinkler system installed?

The WITNESS: No, there was no sprinkler system.

Mr. ADAMSON: What was the date of the report by the court of inquiry? The fire took place on March 6th, and the report was submitted when?

The WITNESS: My copy is not dated. I will get you the answer to that.

Mr. DICKEY: Mr. Armstrong, of this \$19,000 loss of stores was there any indication of how much loss was due to fire and how much due to water or smoke damage?

The WITNESS: We have not got it broken down by the division between loss by fire and smoke damage. Apparently that information is not kept. We do not attempt to distinguish between loss due to fire and loss due to smoke damage or water damage.

Mr. HARKNESS: In regard to the procedure you suggested, Mr. Chairman, I think it would be better for us to find what happened to these recommendations before we go on to the big fire which took place probably a year and two months later.

The CHAIRMAN: I am in the hands of the committee.

Mr. STEWART: Before we get on to that could I ask a question? What was the nature of the returned clothing in which the fire took place? Did it consist of uniforms, painters' clothing, or what?

The WITNESS: It would be both. It included all sorts of used clothing that is turned in for repair or disposal.

Mr. BENIDICKSON: Was the damage pretty general throughout section F?

The WITNESS: The damage was located in one spot only in section F—and I will have it pointed out.

Mr. BENIDICKSON: The area of the section would be approximately what?

The CHAIRMAN: Would you describe the area for the record?

Mr. MCILRAITH: The southwest corner of section F.

*By Mr. Benidickson:*

Q. I was just going to say that I think we have an advantage over court testimony in descriptions of this kind in that I have seen in past appendices to committee reports for instance photographs of charts or graphs. You could apply a graph or picture and I think if this is here as an exhibit by the mere fact that we have the over-all dimensions of section F described we can avoid the use of north, east, south and west.

The CHAIRMAN: That will be done.

*By the Chairman:*

Q. The general area of section F would be how big?—A. Approximately 50,000 square feet.

Q. The fire was confined to what portion of that?—A. My judgment would be about one-fifth—it was about one-sixth I am told—and that would be roughly 8,000 square feet.

Q. Section F indicates a number of inner sections with light black lines. Does that indicate some form of partition?—A. Those are the edges or markings where your stores are stacked or where you have a workshop. You might have a repair shop for boots and shoes and it would be indicated by one of those sections. There is no wall.

Mr. MCILRAITH: It is a mark on the floor—painted right on—a permanent mark?

The WITNESS: That is what it amounts to.

Mr. HARKNESS: To revert to what I was saying a few moments ago, I would like the witness to tell us what action was taken on these recommenda-



tions and the date in each case—so we could tell whether that action was taken before the big fire took place in May of 1951 which was a year and two months afterwards?

The WITNESS: To get back to the first recommendation—that is returned stores received at the depot be processed immediately for removal of soiled, damp, or oily items—that recommendation was implemented immediately.

Mr. PEARKES: It was found impossible, was it, to have the returned stores clothing kept at some other place—it was an implied recommendation?

The WITNESS: That is suggested down below, General Pearkes. It was not practical but what was done is this: If there are stores received in such volume, as there may be on occasions, that it is not possible to have them properly sorted out and properly processed they are kept outside the building until that can be done.

Mr. WEAVER: Could we follow them in order, one by one?

The CHAIRMAN: Mr. Armstrong started on the first recommendation.

The WITNESS: The second recommendation was that an adequate ventilation system should be installed. I think I should deal with that at the same time as I deal with the third one because they are related. The third recommendation is the installation of a sprinkler system.

After this fire immediate steps were taken to proceed with the examination of plans for the installation of the sprinkler system. By the way, the installation of a sprinkler system in a depot of this kind involves quite a lot of detailed study and planning. Tenders for the sprinkler system or requests for tenders for the sprinkler system were called on May 8, 1951. The contract for it was awarded in the fall of 1951 and work commenced on the installation at that time. The work is now almost complete. There is only one section, I believe, and I think it is section F where the installation is not complete.

That is waiting for some parts that have not been available but it will be completed in the very near future.

Mr. BENDICKSON: To show the size of this job what was the amount of that contract?

The WITNESS: The amount of the contract was \$160,000.

*By Mr. Stick:*

Q. Will the sprinkler system installed now operate?—A. It operates.

Q. The part you have got installed?—A. In the parts where it is installed. I think it is not fully operative in the sense that all the features that are incorporated in it are 100 per cent operating now but it does operate in all the sections where it is installed. Should you have a fire the automatic sprinkler system would work. It is also in the contract that it is maintained by Dominion Electrical Protection Company and the fire alarms are connected of course, as they have been in the past, directly with their offices and through there to the Ottawa Fire Department.

Q. In the system you have got installed so far immediately there is a fire the sprinkler system operates. Does the alarm operate at the same time?—A. The alarm operates at the same time.

Mr. APPLEWHAITE: What is the controlled temperature?

The WITNESS: It varies from 135 degrees to 165 degrees depending on the type of stores that are in the area.

*By Mr. Harkness:*

Q. Tenders for this thing were not called until immediately before the second fire?—A. Tenders were called on May 8th.

Q. May 8, 1951. The second fire was on May 16th.—A. In June, I believe. This was before the second fire.

Q. About a month before?—A. I have the date of awarding that contract. I did not give it before but it was awarded on July 1st, 1951. I will go on to explain—

Mr. HARKNESS: Well—

Mr. McILRAITH: Let him finish his answer.

The WITNESS: I combined the two recommendations, the installation of an adequate ventilation system and the installation of the sprinkler system. The reason for that is that the requirements for a ventilating system are substantially different if there is a sprinkler system installed. It reduces the area of ventilation required in the roof by  $2\frac{1}{2}$  to  $1\frac{1}{2}$  per cent. It is also possible in the sprinkler system as installed to develop the ventilation system under the edges of the roof without going through the roof itself. That is the reason that the ventilating system itself has not in fact been developed yet but as soon as the sprinkler system is installed that work will proceed—and the planning for it is under way.

The installation of transverse drains to prevent water running the length of the building was the next recommendation.

Mr. ADAMSON: Just one more question. There was no sprinkler system installed the time of the second fire?

The WITNESS: That is right.

The significance of the last recommendation concerns the fact that the building itself slopes. I think it slopes approximately seven feet from one end to the other. Consequently, if there is a fire—it slopes north—and if you pour water on it the water is going to run down to one end of the building. The installation of those drains has been completed. I do not have the date but it was subsequent I think to the fire in June.

Mr. HARKNESS: That is the second fire.

The WITNESS: The second fire.

The next recommendation was removal of the returned stores operation from the depot building. I have already spoken about that.

The next is provision of accommodation for oils, paints and low flash point materials outside the depot building. Consideration has been given to meeting this recommendation. You will notice in section A at the top corner of the section there are certain additional fire walls. Those are there to store oils and other materials that have a low flash point. By that device it was possible to remove from the main area of section A the stores having the lowest flash point. The general proposal was discussed with the fire marshal, that is the army fire marshal, and he agreed that arrangement was satisfactory as an interim measure provided the stores in section A were kept within reasonable limits and the department, or the depot, did not put an excessive quantity of stores in there.

The matter of developing outside storage was the one alternative that was not adopted. There was the possibility of temporarily putting up some prefabricated huts outside. However, during the year from the time of this fire until the present time, or perhaps not until the present but until the later portion of the period, these huts were not available so that was not feasible. It was not regarded as being advisable to expend a considerable sum of money in developing new buildings especially in view of the impending move of this depot. This whole depot will move to Cobourg and the move will commence this December. Buildings are now under construction at Cobourg and the movement will begin at the end of this year.

*By Mr. Stick:*

Q. At the time of the fire or prior to the fire where you had the paint and oil stored did you have special precautions there other than ordinary

precautions? I mean to say did you have special walls there as protection against fire spreading?—A. In that section there are special walls and in the small rooms you see in the top corner there is a special type of window. If there is an explosion it blows out the window and that minimizes damage.

Q. Where the paints and oils were you had special protection—more than you had in other parts of the building?—A. Yes.

Mr. BENIDICKSON: As of March 1950?

The WITNESS: That is right.

*By Mr. Harkness:*

Q. Do I understand then at the time the first fire took place in March, 1950, that section A had fire walls as shown on the map and that the paints and oils and other inflammable materials were, at that time, stored in section A?

—A. That is right.

Q. So in other words there was no change in so far as handling of these paints and oils is concerned after the first fire except that you cut down the quantities you kept there?—A. That is right. There was no change in the structure of the building.

Q. There was no change in the location of the inflammable material?—A. No. Those places were specially designed—rooms built in accordance with the underwriters specifications for this type of storage.

Q. Prior to this time?—A. Prior to this time.

Mr. BENIDICKSON: You mention underwriters. Are these stores insured?

The WITNESS: None of the stores are insured—in line with the general policy on that matter.

Mr. HARKNESS: It boils down to the fact that as far as the recommendations of the court are concerned for provision for oils and paints, nothing was done except to cut down the amount of stuff stored there?

The WITNESS: As I say the recommendations were considered very carefully and discussed with the fire marshal. It was agreed that by reducing the quantity of the stores there the hazard might reasonably be accepted.

Mr. PEARKES: At the date of the fire, March 1, 1950, there were no paints and oils in section F?

The WITNESS: Not in section F, no—in section A.

*By Mr. Stewart:*

Q. Do I understand this depot is to be closed down or transferred?—A. This depot will go to Cobourg but it won't be closed down. It will be used for other purposes, but it will not be closed down as far as the Department of National Defence is concerned. As far as storage is concerned, the central medical stores will continue to occupy this building but they will not use all the space in it and other space will be used for other purposes.

Q. Can you tell me when this decision was taken?—A. It is a little difficult to say the exact date on which the actual decision in a matter of this kind was made. The purchase of the property at Cobourg was authorized on the 16th of May, 1951. Now, that does not tell you when the decision was made because these matters take a great deal of planning and study. I would say that it was under consideration—not necessarily Cobourg but the movement—from sometime in 1949—the latter part of 1949.

Q. Why I asked the question was that if this idea was being toyed with in the minds of the department why did they proceed to spend \$160,000 on a sprinkler system, transverse drains and all the rest of it—if the intention was to close this place down and transfer it to another area?—A. I did not say it is to be closed down. The department will use it for central medical stores and also for dental stores.



Q. This is the area which will be used—No. 26 C.O.D.?—A. Yes, No. 26 C.O.D. here will be used for that purpose. Now, this may not need all the space there, that is not clear yet. The central medical stores are also storing medical supplies for civil defence purposes so their requirements for medical stores space will be considerably larger than they have been in the past. It is possible that there may be some storage space that may not be required for them but that picture is not clear at this date.

Q. Can you tell me at this point how many men are employed at No. 26 C.O.D.?

The CHAIRMAN: Army personnel?

*By Mr. Stewart:*

Q. And civilians?—A. There are roughly 1,200 people there—oh, that includes the sub-depot. I have the figures and will get them for you. At the Ottawa depot, that is the one you are looking at up here, there are 203 military people employed, 300 continuing civilians and 204 emergency civilians, that is, people employed on a casual basis.

Q. Are the continuing civilians like the Presbyterians?—A. You would have to tell me what the Presbyterians are like.

The CHAIRMAN: Is that the complete answer to Mr. Stewart?

*By Mr. Stewart:*

Q. Is a continuing civilian a permanent civilian?—A. They are continuing; they are not all what would be called permanent in the sense that permanent is used in the civil service; that is, a permanent appointment, under the Superannuation Act, and so on.

*By Mr. Stick:*

Q. Have you any casual labour there?—A. Yes, approximately 200.

Q. Just hired to do certain work and then paid off and hired again?—A. That is right—unloading of cars as they come in and so on. The arrangement of work at a depot of this kind fluctuates very considerably from time to time. When you go to the depot you will see on the walls charts which indicate the volume and you will notice that it fluctuates very considerably and, consequently, emergency people have to be hired.

Q. Then, in a case like that, would it be all right to assume that in hiring casual labour you add to your risks of fire? I notice that incendiarism is down here as the cause of one of them?—A. I think that that is probably right, that if you hire casual labour there is a greater risk of hiring an individual who may be irresponsible.

Q. I would like to ask another question—I do not know whether it is a proper one or not—is there any screening done there on these employees?—A. These people are screened.

Q. Is the casual labour screened?—A. The casuals are screened. They are fingerprinted when they come in and we do get a report on them so that if they should continue to be employed and they are found to be undesirable, then they are let out, but in this business it just is not practical in dealing with civilian employees to make a man wait until you can give him a proper screening. Consequently, they are taken on, asked to fill out a security card which is sent to the Intelligence Corps and they are immediately investigated. If there is any evidence that they are not desirable employees, then they are released or, if they may be suitable for another type of work, they may be transferred there, but it just is not a practical proposition to say to these people, "You have to wait for two weeks or a month or whatever time it takes to make a proper screening," because they would not be there when you want them.

*By Mr. Stewart:*

Q. I understood the witness to say—and I would like to have this clear in my mind—that eventually 26 O.D. is going to become the central stores depot for all medical supplies in Canada, is that right?—A. That is right—and dental.

Q. I was wondering about the wisdom perhaps of “putting all our eggs in one basket” in regard to medical stores. Would it not be wiser to distribute them over several depots?

The CHAIRMAN: That is quite a proper question but not of Mr. Armstrong.

Mr. STEWART: I hope it is proper of Mr. Armstrong. I do not think it is proper of the department at all, but I would just like to know what reasons there were for coming to this conclusion that all the stores from a central point of view ought to be centred around one place.

The CHAIRMAN: I think that is a very proper question for the minister to answer on but not for Mr. Armstrong.

*By Mr. Benidickson:*

Q. Could I ask, Mr. Armstrong, have there been any expenditures since March 31, 1950, in connection with the project at Cobourg?—A. Oh, yes, there have been substantial ones. I have not got them here.

Q. I just wanted to ask about that.

*By Mr. Campney:*

Q. I take it from Mr. Armstrong's answer, and I want it made clear, that there is not any intention that any space vacated will not be fully utilized at 26 O.D. for national defence purposes?—A. There is no intention that it will not be utilized.

Q. After you move to Cobourg?—A. None whatever.

*By Mr. Stewart:*

Q. May I get this clear in my mind? I take it that this proposition to make this a medical stores depot is a government decision, not departmental?—A. That is a matter of government policy, yes.

Now, we were down to item 7:

Increase frequency of watchman patrols so that each section of the depot will be visited once every fifteen (15) minutes.

This was implemented immediately.

*By Mr. Stick:*

Q. Before you go any further, was that done before the fire? What were the regulations regarding the watchmen or fire guards when they patrolled? Did they patrol all parts of the building every half hour or hour?—A. Before the fire it was done every half hour.

Q. And the recommendation was that it was to be done every fifteen minutes instead of half hour?—A. That is right. Now, No. 8:

Complete palletizing of all stores in 26 Central Ordnance Depot. That has been done as a matter of policy. As a matter of fact, as far as fires are concerned I believe there are some hazards because of the draughts that are created. The advantage of palletization in case of fire is that you can move the stores quickly.

(9) Immediate installation of locks which will be capable of being opened from the outside on all exterior doors of the depot.

That was done.

*By Mr. Harkness:*

Q. When was it done?—A. It was started immediately after the fire. I have not got the date of completion.

(10) Installation of an enunciator system to indicate the location which is rung is desirable but not essential.

That has been done. It is taken care of in the sprinkler system. The system itself provides this service.

(11) The setting up of a Central Fire Depot where personnel will be able to obtain rubber coats, fire helmets and similar types of equipment...

That was done. Would you point out where that is on the chart? Would you point out where that Central Fire Depot is?

*By the Chairman:*

Q. Is that the south part of "D"?—A. It is located right at the main entrance of the building.

*By Mr. McIlraith:*

Q. The east side?—A. The main entrance on the east side.

*By Mr. Harkness:*

Q. When was that done?—A. That was done immediately.

*By Mr. Stewart:*

Q. Could the witness give us some idea of the capital cost involved in putting those recommendations into force? We have \$160,000 for the sprinkler system. Does that include the ventilation?—A. That does not include the ventilation. I will have to get you the cost of the transverse drains.

The CHAIRMAN: Mr. Stewart's question was what was the amount of capital cost involved to put these recommendations into effect. You had better bring that down as a return at the next meeting.

Now, we move on to the fire No. 2 in June 1951.

*By Mr. Dickey:*

Q. Perhaps, Mr. Armstrong, you might add to that capital cost the additional cost of the more regular inspections?—A. I will get that as well.

Now, the fire on June 2.

The board finds that:

(a) The causes of the fires and the responsibility for their outbreak are unknown.

The exact point of origin of the fire in area "A" is unknown.

The fire in area "F" originated in a bale of pressed cardboard in the second pallet which was part of a stock in the southeast corner of section III.

*By Mr. Pearkes:*

Q. Do I gather from that that there were two fires on the same date, one in section "A" and one in section "F"?—A. That is right, sir. Would you point out where the fire started in area "F", that is, part of a stack in the southeast corner of section III.

Q. Could it be pointed out as area "A" or do they know the exact point of the fire in area "A"?—A. The time of the fire is given in the court but you will get that information as we go along.



(b) The ringing of the automatic alarm system was the first notification of the fire in area "A". The first personnel on the scene of the fire were Commissionaire H. Lloyd, Cpl. J. H. B. Button, S/Sgt. J. L. Lacroix and Pte. C. R. Saunders.

(c) The fire in area "F" was discovered by Cpl. H. White and Mr. J. M. Shea, both of the Corps of Commissionaires.

In both cases immediate action was taken with local fire fighting apparatus to try to put the fires out and steps were taken to notify proper authorities.

(d) In the case of the fire in area "A" the automatic alarm system provided for notification to all personnel in the depot and to the Ottawa Fire Department. Depot personnel immediately proceeded to fight the fire, making best use of equipment available and the Ottawa Fire Department reported promptly.

In the case of the fire in area "F" Commissionaire Shea proceeded to fight the fire with first aid fire equipment in the area and Cpl. White reported to S/Sgt. Kidd (Corps of Commissionaires) who, in turn, called for assistance from among the people available as a result of the first fire.

(e) The sounding of the alarm was the first notification of the fire in area "A" so there was no delay. As a large number of people were in the depot at the time of the discovery of the fire in area "F", there was no delay in obtaining assistance.

(f) First aid fire fighting apparatus was in action in the fire in area "A" within three or four minutes of the sounding of the alarm.

In the case of the fire in area "F" a hose was turned on immediately on discovery of the fire.

(g) WO II W. L. Borthwick was the Orderly Officer on duty at the time of the fires and took charge of fire fighting arrangements until the arrival of the Ottawa Fire Department. His duties were carried out in a commendable manner.

(h) S/Sgt. Lacroix, the Orderly Sgt., was in charge of the Fire Piquet and was among the first at the fire in area "A". All duty personnel turned out promptly and functioned efficiently.

The volunteer efforts of a large number of other personnel of the depot who reported quickly were of great assistance in controlling the fire.

(i) There was no failure during both fires of water supply, hydrants and fire fighting apparatus. The usual minor difficulties of lowered pressure when all apparatus was going at once was experienced.

(j) Fire fighting equipment on the spot was ample. The details are shown in Exhibit 7.

(k) The Ottawa Fire Department was notified by the automatic alarm system. An alarm system existed throughout the building.

The Ottawa Fire Department was still fighting the fire in area "A" at the time of the outbreak of the fire in area "F".

(l) The fire alarm originating in area "A" was relayed to the nearest Ottawa Fire Department stations almost immediately, and apparatus reported directly upon obtaining the alarm. There was no undue delay.

(m) The Ottawa Fire Department used all equipment that was not required for a reserve for the protection of the city. The equipment was adequate. There is no cost to the department for this service. Joint fire fighting arrangements functioned efficiently.

(n) The alarm for the fire in area "A" rang in at 2139 hours. The Ottawa Fire Department considered that the fire could be controlled after 0300 hours 3 Jun 51. The fire continued throughout the night and smouldered for several days before it was finally extinguished.

The fire in area "F" was extinguished within half an hour from the time it was discovered.

*By Mr. Harkness:*

Q. When was it discovered that it was there?—A. I think it said up above.

The CHAIRMAN: Let us get on and see if it does appear later in the document.

The WITNESS: I think likely it will appear later on. It was approximately 5.30 in the morning.

(o) There was no damage to any buildings or contents thereof in area "F" and there was no damage to privately owned contents of the building.

The damage caused by the fire in Area "A" was as follows:

*Buildings*

Calculated fire loss .....	\$ 95,930.00
Cost of repair .....	57,500.00
26 COD Unit Stores .....	904.70
Central Medical Stores .....	1,678.20
Ordnance Stores .....	671,249.98

In addition to the above there were losses of stores in Vocabulary Sections (k) and (1J).

26 COD was unable to provide the board with a statement of these losses but an estimate will be forthcoming about 15 Dec. 51.

(p) The last person who was in area "A" before the fire was Pte. C. R. Saunders, a member of the Fire Piquet. He visited the area on a routine tour of inspection and was there about ten or twelve minutes before the alarm rang in.

The board was unable to determine who was the last person in area "F" before the fire.

(q) Adequate Standing Orders relating to fire were posted throughout the building and at each fire point.

(r) Not applicable.

(s) The last inspection of the building before the fires, by the Fire Prevention Committee, was carried out on 15 May, 51.

(t) The last Unit Fire Drill held at 26 COD before the fires was on 21 May, 51.

As required by the Order dated 18 Oct. 51 convening the Board, it further finds that:

Within the resources of the depot, at the time the fires occurred, the means taken to prevent, detect, report and fight fires were effective.

Evidence shows that Depot Commandants and the Fire Marshal (army) had, over a period of<sup>8</sup> years prior to the fires of 2-3 June, 51, recommended the installation of a sprinkler system, ventilation roof hatches, and better paint storage facilities. If these recommendations had been implemented effectiveness would have been increased.

Although some of the fires at the depot had certain common characteristics, no connection has been established between any of the fires.

No connection has been established between fires in the depot and stocktaking. Nothing was revealed in the evidence that showed abnormal shortages. Although there is no direct evidence of thefts taking place in the depot at the time of the fires, there is strong suspicion that such thefts were taking place.

There is no evidence to show that any person or persons were responsible for causing the fires or contributing to them in any way whether by positive act, negligence or failure to take adequate precautions. Expert opinion indicates there is a possibility that both fires were deliberately set.

*By Mr. Adamson:*

Q. Would you repeat that one sentence?—A. "Expert opinion indicates there is a possibility that both fires were deliberately set."

This matter is still under investigation by the RCMP. Up to date no direct evidence has been brought to light.

The board is of the opinion that the Depot Commandant and staff fully realized their responsibilities for fire prevention and made every effort to see that adequate precautions were taken.

*By the Chairman:*

Q. Gentlemen, I think area "A"—correct me if I am wrong—on the map is the place where you stored oils and paints and what not?—A. That is right.

Q. And that is where the damage was greatest?—A. Area "A" is the section that was destroyed by this fire, where the most damage occurred.

Q. All right, go on with the board's recommendations.

*By Mr. Hunter:*

Q. Did the fire get into area "B" at all?—A. The fire damaged area "B" to some extent and it was necessary to build a new fire wall on that end of the building after the fire.

Q. I take it that the fire wall and the fire door were not completely effective in preventing the spread, is that correct?—A. The fire wall prevented the spread, yes, but itself was sufficiently damaged that it had to be replaced.

Q. Could I put it this way: were any of the stores in area "B" damaged by fire?—A. There was some damage, mostly by water, I am told.

Q. They were not actually destroyed by flames?—A. There were some stores that were scorched in area "B".

Q. By heat or by flames?—A. By heat because there was no actual flame in area "B".

*By Mr. Cavers:*

Q. Was the fire in area "F" confined solely to that area?—A. The fire in area "F" was confined solely to that area.

Q. What was the damage to that particular part?—A. I think it said there was no damage.

Q. No appreciable damage at all?—A. No damage.

Q. Then, I gather that that fire was put out almost immediately?—A. That is right. The damage was in the area of \$10 to \$20.

*By Mr. Stewart:*

Q. I understood the witness to say when he was reading the report that a sprinkler system had been advocated some time before. Am I correct in that assumption?



Mr. HARKNESS: It was recommended by the court fifteen months before, after the first fire.

*By Mr. Stewart:*

Q. I would like to have the sentence read over again, if it is possible.—A. The sentence, Mr. Stewart, is:

Evidence shows that the Depot Commandant and the Fire Marshal had over a period of years prior to the fires recommended the installation of a sprinkler system, ventilating roof hatches and better paint storage facilities.

Q. To whom had these recommendations been made over this period of years?—A. The recommendations would have been made to the responsible officers. I cannot tell you specifically who they would be.

Q. Would these responsible officers have the additional responsibility to communicate their ideas to their superiors or would these responsible officers have the right of decision themselves as to whether or not the suggestions should go forward?—A. In some cases they would make the decision. That is, when the proposal for new equipment arises in a unit, it goes through the area and command channels and the command itself may decide that that project should not be proceeded with at that time or they may forward the recommendation on to headquarters.

Q. So that it really took the fire on the 6th of March 1950 to get things started, in so far as a sprinkler system was concerned. These recommendations have been made over a period of years, but they were not acted upon until after the March 1950 fire.—A. I would not be prepared to say whether or not that was the case. This sprinkler system had been under consideration even as early as the war years, when you could not even get a system of this kind installed at all. You just could not get it. But whether or not the final decision to install that sprinkler system is actually related to the fire in March I could not say. It might be so, or it might be a mixture of other factors which have been under consideration over a course of years.

Q. Another thing you mentioned was that in the investigating group there was some suspicion that there may have been thefts. Can you give us the reasons for their believing that?

The CHAIRMAN: Now, now, Mr. Stewart! Mr. Armstrong was not there or on the Board of Inquiry.

Mr. STEWART: I do not know if he has the information on it or not.

The CHAIRMAN: What information could he possibly have. He was not a member of that Board of Inquiry. This is a report which was made by the Board of Inquiry. Perhaps the recommendations would throw some light on it, but Mr. Armstrong would not know what was in the minds of the members.

Mr. STEWART: I would like to learn from somebody when there was this suspicion of thefts having taken place.

The CHAIRMAN: Mr. Armstrong said, quoting from the findings:

Nothing was revealed in the evidence that showed abnormal shortages. Although there is no direct evidence of thefts taking place in the depot at the time of the fires, there is strong suspicion that such thefts were taking place.

Mr. STICK: What are they basing their suspicions on?

The CHAIRMAN: I think the recommendations will throw some light on it.

Mr. THOMAS: Have they figures for the value of that building and the amount of material in the building at the time of each of those fires, I mean the total stocks?

The WITNESS: I think I had better bring you that information.

*By Mr. Pearkes:*

Q. Could we have the chain of command between this depot and army headquarters? Reference was made to the responsible officers, referring to command and so forth. Does it refer to command at Kingston or Oakville, or do they deal direct with the Ottawa area?—A. This depot is under the eastern Ontario area, and the chain of command is through the area to the command and then to headquarters.

Q. Had the eastern command area made any recommendations, that is, to army headquarters regarding the installation of a sprinkler system? Had they supported the recommendations which had been made by some junior officer? Do we know that?—A. They did support them; they supported the recommendation for the installation of a sprinkler system and it was finally installed, as we have pointed out.

Q. You made reference to stores section K. Where were they? Were they in section F, or where?—A. They are in section B.

Q. They are in section B; and what is the nature of the stores under that category?—A. They are barrack and fire fighting stores.

*By Mr. Harkness:*

Q. Was there any damage to stores in C, D, and E?—A. There was no damage in C, D, and E.

Q. By water or smoke either?—A. There was no damage at all.

Q. Where did the fires start in section A, in which of those divisions did they originate?—A. The Court of Inquiry found that the point of origin was unknown.

Q. I take it that the people who first discovered it were not able to say in what part of A it was in. Was all of A going up in flames at the time it was discovered?—A. I believe there was so much smoke there that they could not see anything in the sense of where the particular flames might be located, because there was such dense smoke at the time it was discovered.

Q. As far as this fire is concerned, it started in F; and as far as F is concerned, is there a window in the immediately vicinity of where the fire started?—A. There was no window there at all.

Q. I wondered if somebody had put something in the window.—A. No, there was no window there.

Q. So there was no possibility of that happening?—A. No possibility.

Mr. STICK: It was an inside job!

Mr. McILRAITH: What about the recommendations?

The CHAIRMAN: Yes. Go on.

Mr. ADAMSON: You said that in area A it was especially marked off as a critical area just for oils or materials with a low flash point. Can you say what the dividing line is? What about turpentine? Would turpentine be considered as having a sufficiently low flash point, or methylated spirits, or alcohol?

The WITNESS: Any liquid that would flash at 75 degrees room temperature would go in there. Ether, I think, would be an example; but turpentine would not.

*By Mr. McIlraith:*

Q. Before you leave that area, A has not been rebuilt?—A. No, it has not been rebuilt.

Q. It was burnt in this fire and left.—A. There has been a fire wall built along this side of area A.

Q. Between A and B?—A. Yes. The fire wall was damaged and it had to be replaced.

Mr. ADAMSON: I take it that no explosives or ammunition or anything like that is stored there?

The WITNESS: No. There are no explosives or ammunition in that depot.

#### Recommendations of Court of Inquiry.

Minor amendments to standing orders and security arrangements have already been effected. A sprinkler system with an automatic independent supervisory system and a Viking HAD detection system are now being installed throughout the warehouse.

The board recommends that:—

- (a) Roof hatches be installed to carry off smoke and fumes and to allow access for fire fighting.
- (b) A drainage system be provided to carry off water
- (c) The fire wall between areas "C" and "D" be completed without delay. Any openings in any of the fire walls conform to fire prevention specifications.
- (d) The Detex watchmen's clock key stations outside the building be replaced by Dominion Electric Protection Company combination night watch and fire alarm boxes similar to the inside combination boxes.
- (e) A separate building be provided for complete returned stores operations. According to information contained in Exhibit 1 the board understands that a separate building is being provided for the storage of oils, paints and all low flash materials. In any case such materials should be stored in a separate building.
- (f) On completion of the supervised sprinkler installation a survey be made of the security system. This should include reducing to a minimum the number of personnel, both military and corps of commissionnaires, employed in patrolling the depot.
- (g) The hose existing in the depot be reduced from 2" to 1½" diameter to increase the water pressure and to conform with a size used by the Ottawa Fire Department.
- (h) On completion of the installation of the sprinkler system in the depot, fire doors should be kept closed in off-duty hours.
- (i) In planning future depot installations, consideration be given to constructing groups of smaller buildings rather than having all under one roof.

The CHAIRMAN: Mr. Stewart must have written that one.

The WITNESS:

All warehouses have a sprinkler system and a sprinkler supervisory system installed.

All unit institutes, if possible, be in buildings separate from the main warehouse building or buildings.

- (a) First aid firefighting be included in depot training.
- (b) The system of designing, issuing, recording and checking of identification badges be investigated.
- (c) Consideration be given to marking all D.N.D. stores by means of a distinctive code or serial number.
- (d) When a rewarehousing program is undertaken within any depot, the fire prevention components in Commands or the fire marshal's office at Army Headquarters be requested to assist with their advice.
- (e) Spot checks of single items be taken from time to time within the depot.



(f) Consideration be given to the employment of an undercover man.

(g) No action be taken against any person for anything arising out of the fires unless further evidence is disclosed by the R.C.M.P. investigation or otherwise.

Mr. HARKNESS: Who were the members of that court, just before we finish?

The WITNESS: The members of the court were: The president, Colonel D. F. Forbes; members: Lt. Col. P. M. Desautels; Major J. A. Parker; and advisor, Lt. Col. J. C. A. Campbell.

Mr. HARKNESS: This was a much more senior court than the one for the previous fire.

The CHAIRMAN: Gentlemen, you will keep in mind the visit on Monday. On Tuesday, after we have had some questioning on the Plouffe visit, we will revert to where we left off today.

The Agenda committee has in mind at some future day bringing in a recommendation that we revert to defence production. It would appear, by the best estimates, that we have eight more meetings at the most—perhaps only six—we should, I believe, do some further work on defence production. We discussed it yesterday in the Agenda committee but did not bring in a recommendation.

There are some answers to questions still outstanding and it was thought we might set aside one meeting for the purpose of permitting members who have asked questions and received answers to have further amplification by questioning witnesses.

The meeting stands adjourned.

The committee adjourned.

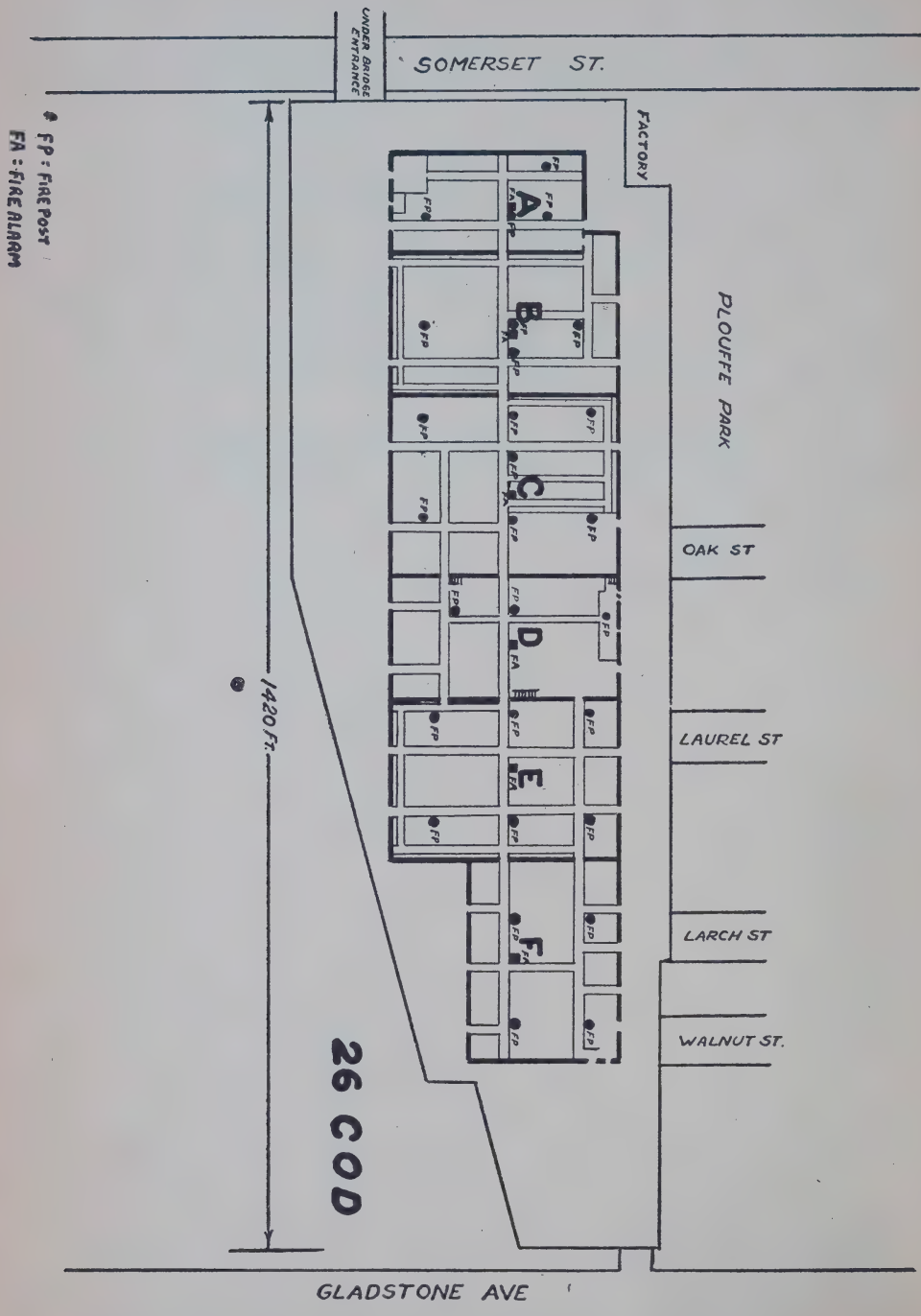
SPECIAL COMMITTEE

## APPENDIX 23

## ARCHITECTURAL PLAN—No. 26—C.O.D.

May 23/52.

A. P.  
C. of the Com.



















Canada, Defence Expenditure,  
Special Committee, 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

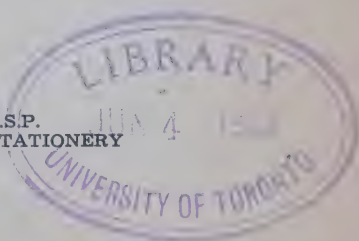
No. 11

TUESDAY, MAY 27, 1952

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),  
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952







## MINUTES OF PROCEEDINGS

TUESDAY, May 27, 1952.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Applewhaite, Benidickson, Campney, Churchill, Croll, Dickey, Fulton, George, Henderson, Hunter, James, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stewart (*Winnipeg North*), Stick, Thomas, Weaver. (18)

*In attendance:* Messrs. E. B. Armstrong and W. R. Wright of the Department of National Defence, and Mr. R. G. MacNeill, Department of Finance.

The Chairman reported that the visit to No. 26, Central Ornanee Depot had taken place as arranged. Charts showing chain of responsibility and organization of stores of No. 26 C.O.D. are printed to this day's proceedings (*see appendices No. 24 and No. 25*).

Messrs. Stewart, Macdonnell, Benidickson and Campney commented on the above inspection.

The Chairman tabled the following returns:

EXHIBIT M—The value of the buildings and stores at 26 C.O.D. at the time of the fire on 6th March, 1950, 2nd June, 1951, and 1st January, 1952.

EXHIBIT N—Organization of Ottawa Fire Prevention Bureau.

EXHIBIT O—The date the report of the Court of Inquiry following the fire at 26 C.O.D. on March 6th was submitted.

Mr. E. B. Armstrong was called and further examined on fire losses at No. 26 C.O.D. and R.C.A.F. Station at Trenton. He again quoted findings, recommendations of Courts of Inquiry and the implementation of the recommendations.

On a question of procedure, Messrs. Benidickson and Stick suggested the appointment of sub-committees with instructions to inspect outstanding military installations. Mr. Benidickson also suggested the possibility of presenting an interim report on losses due to theft, fraud, fire and write-offs when their consideration is concluded.

It was agreed to refer the above suggestions to the Sub-Committee on Agenda at its next meeting called forthwith for Wednesday, May 28 at 2.30 o'clock p.m.

At 12.55 o'clock, Mr. Armstrong still being examined, on motion of Mr. Stick, the Committee adjourned to meet again on Thursday, May 29, at 11 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*





## EVIDENCE

MAY 27, 1952,  
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. MACDONNELL: May I just ask a question with no sting in it at all?

The CHAIRMAN: If that is possible, go ahead.

Mr. MACDONNELL: I did ask another of my kitchen questions. Would the answer be here?

The CHAIRMAN: The answer is not here but one is being prepared for the committee.

Yesterday the committee visited No. 26 C.O.D. Speaking, I feel, for the members of the committee the visit was extremely instructive and beneficial. I think we were all impressed with the efficiency of the organization and the competence of the personnel. Some members indicated that they wanted some further amplification so the graphs have been brought up here for the purpose of further questioning if it is desirable.

One member indicated that he wished an opportunity to make a more precise study of the accounting methods. I say this to you, that he is welcome at his convenience and the chair will be glad to make arrangements for him or for any of the committee who wish to visit there.

Mr. STEWART: Are you referring to me, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. STEWART: I would like to say this: I thought the visit was not as instructive as it might have been for what we were seeing there were principles and principles are very excellent. We have ten principles which are called the Commandments but when they are put into practice they do not always work out the way they should.

What I wanted to see was a lot of detail. I asked one officer down there, "Can I see certain things?" and he said, "I am sorry, you will have to ask somebody else; you are on a conducted tour." So, I saw some other person who holds a more responsible position in the system and I said, "Can I be a loose leaf around here?" and he said, "I think you are going to see everything we can present to you and the committee." And all we did see was these principles whereas what I was interested in seeing was how these principles were put into effect, how the record worked, how the stock giped up with the actual record of stock kept—those were details in which I was particularly interested. I am quite sure none of us have seen them in the time at our disposal yesterday but I got the impression that we only saw what we were expected to see. I may be quite wrong but I do want to see something else.

The CHAIRMAN: Well, Mr. Stewart, at your convenience anything you want to see will be made available to you.

Mr. STEWART: What I wanted to see was very elementary.

The CHAIRMAN: You just say when and it will be arranged for you to go down and ask for whatever you want to see.

Mr. BENIDICKSON: If there is a general feeling of that kind possibly we could form a subcommittee and send them down for further clarification. I do

not think anybody should retain any feeling that they were only shown what they were supposed to see.

The CHAIRMAN: There was so much to see that no person could have seen very much of the detail in the time we took. We were there from 10.00 o'clock until about a quarter to one, all the time we were on the move and did not waste any time at all, but the place is tremendous—that is the only term I can think of—the graphs are here you can ask further questions today.

Mr. McILRAITH: Just before you leave that, isn't it possible that we do not have any segment of the committee feeling that they did not see all they wanted to see there?

The CHAIRMAN: If it is the desire of the committee to go back again there is no hesitation on the part of the chair to arrange it but perhaps some questioning this morning will bring matters to light which the committee is particularly interested in.

Mr. CAMPNEY: I think it would be completely impossible for the committee as a whole to follow all the details of these transactions, but I can assure the members that there was not any disposition not to give them all the information they wanted. The intention was to give them all of the picture that we could in the time at our disposal.

Mr. MACDONNELL: May I add a word? I think we should be grateful for the reception we got. I think the staff went out of their way to help us. I had the feeling they were wanting to show us, they were wanting to display it, in fact, and I thought they handled themselves extremely well.

On the other hand, I do not think we want to think that going and spending two or three hours like that we are really getting to the bottom or that we are really competent judges. For instance, if I could take up two or three minutes, there are two or three things I came away with that I am not competent to reach an opinion on in that short time. One of the things that struck me was the check on the check on the check. That was in one way impressive and in another way I was bothered with the feeling, "Well, if one man is checking another and another and another there may be the danger that when you get too many checks one is inclined to leave it to the other one." I am only raising that as a point and it is a principle that I cannot determine in such a short time. I did have this feeling. One remark made by one of the officers was that he had spent, I think, a year in surveying various industrial establishments and thought that their system had been quite the easiest system he had ever seen. On that I have no opinion but I only raised the question that I raised before.

As I was going through there I thought I would like to feel that a first-class industrial official who is accustomed to dealing with stores had been in and looked the situation over. I do not want to say anything which sounds ungrateful because I thought we were given a very good look. The only thing is I certainly would not want myself to feel that I was competent to say that the system was very satisfactory because in that short time and indeed in any time that I could look at it I would not know. My feeling anyway would be that I would like to get a man who is really an expert on these things and ask him for his opinion.

The CHAIRMAN: Gentlemen, I have here three answers to questions. The first is at the request of Mr. Thomas, the value of the buildings and stores at 26 C.O.D. at the time of the fire on the 6th of March, 1950, 2nd of June, 1951 and January, 1952; the question of Mr. Weaver, the organization of the Ottawa Fire Prevention Bureau; the question of Mr. Adamson on the date of the report of the court of inquiry following the fire at 26 C.O.D. on March 16, and copies will go to your desks.

*(The above returns marked as Exhibits—see minutes of proceedings.)*

Now, if there are any further questions on these graphs, we will be prepared to take a little while this morning on it. We had finished at last meeting the recommendations of the court of inquiry on the fire of the 2nd of June, 1951. We had reached the point where Mr. Armstrong was to tell us what had been done with respect to each one of the recommendations and we are at that point now.

Mr. MACDONNELL: Have the recommendations been circulated?

The CHAIRMAN: No, he did not have them for circulation. He read each one and now he will say what remedial action was taken in each case.

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence, called:

The WITNESS: Mr. Chairman, the first recommendation is:

(a) Roof hatches be installed to carry off smoke and fumes and to allow access for fire fighting.

The installation of roof hatches, the type of roof hatch and ventilating system required is conditioned by the sprinkler system. Without a sprinkler installation hatches representing  $2\frac{1}{2}$  per cent of the ceiling area would be required. This is reduced when sprinkler systems are installed to approximately  $1\frac{1}{2}$  per cent. The building at 26 C.O.D. has a bonded roof guaranteed for the lifetime of the building. When the sprinkler system is installed, it will be possible to provide suitable ventilation without cutting through the roof by providing insulation in the walls under the roof extension. This is now under consideration.

The cost was estimated earlier of the full installation of roof hatches at \$116,000. It is expected that this can be reduced to approximately 25 per cent of the \$116,000 when the sprinkler system is completed. At the present time the ventilation arrangements have therefore not been installed.

(b) A drainage system be provided to carry off water.

This has been completed. Work commenced on January 19, 1952, and was completed on May 22. The cost of the work was \$9,800.

(c) The fire wall between Areas "C" and "D" be completed without delay.

The fire wall has to conform to fire prevention specifications. The fire wall between "C" and "D" on the west side of the building was incomplete for a distance of approximately 75 feet. It was necessary to complete that to increase the efficiency of the sprinkler system when it was installed. The work commenced on February 20, 1952, and was completed on March 31 at a cost of \$4,760.

(d) The Detex watchmen's clock key stations outside the building be replaced by Dominion Electric Protection Company combination night watch and fire alarm boxes similar to the inside combination boxes.

Under the Detex system a key is fastened at each station and the watchman carries a clock with him which is punched when he inserts the key and that records the time that he was at that particular station. Under the Dominion Electric Protection Company's system the watchman carries a key with which he punches a box and that is recorded at the Dominion Electric Protection central control office.

Mr. MACDONNELL: May I ask a question? Are you sure this is the very best report we could have? If it was being made to a lot of insurance adjusters I think it would be excellent but are we getting anything out of this? I am not competent to judge whether it is or not.



The CHAIRMAN: What we are doing is just this: we have before us the recommendations of the court of inquiry—

Mr. MACDONNELL: Couldn't this be put on the record?

The CHAIRMAN: I think the committee wants to know what was done about it. If the committee is satisfied to have a report of a court of inquiry without knowing what was done about the recommendations, what purpose is served?

Mr. BENIDICKSON: This was asked for at the last meeting. This is something following out the agreement at the last meeting at which Mr. Macdonnell was unfortunately absent.

*By the Chairman:*

Q. Please, go ahead.—A. Inside the building when the sprinkler system is installed, the Dominion Electric Protection boxes will replace the Detex clocks. Consideration is being given to extending the D.E.P. system to stations outside the building. This has not been done as yet. If it is done it will cost approximately \$1,290 with an annual rental of \$144. In the meantime the frequency of visits by the watchman have been increased from half-hour to fifteen minutes.

(e) A separate building be provided for complete returned stores and operations.

This has been considered but in view of the prospective move to Cobourg. No additional plant has been provided for that purpose except two small metal buildings which were erected between August and October 1951 for the storage of alcohol, ether and other highly inflammable materials. This cost \$1,100.

(f) On completion of the supervised sprinkler system installation a survey be made of the security system.

This is being progressively accomplished as the sprinkler system is put into use. At 1st May, 1952, the security guards were reduced by fourteen with a monthly saving of \$2,380.

(g) The hose in the depot be reduced from 2 inch to 1½ inch diameter.

It has not been possible to get the hose 1½ inch diameter but in lieu the heads of the hoses have been altered to produce the same effect.

On completion of the installation of the sprinkler system in the depot fire doors should be kept closed in off-duty hours.

That will be done when the sprinkler system is fully operative.

In planning future depot installations consideration be given to constructing groups of smaller buildings rather than having all under one roof.

This is being done in the new storage warehouses that are being constructed now. They are individual buildings of approximately 100,000 square feet, each divided into three areas by fire walls.

*By Mr. Benidickson:*

Q. Where are these being constructed?—A. At Cobourg. They are being constructed for 26 C.O.D.

First aid fire fighting be included in the depot training.

That has been included in depot training since March, 1950.

The system of packing, issuing, reporting and checking of identification badges be investigated.

This has been done and the present system has been rearranged so that each employee or each person entering the depot who has an identification badge must return it when he leaves the depot. The identification badges remain at the depot and they are picked up when the individuals come in, and they would have an I-card to identify themselves, and turned in when they leave at night.

Consideration be given to marking all D.N.D. stores by means of a distinctive code or serial number.

This matter is under study. At the present time stores are marked by a maple leaf and that is a stamp to indicate that they have been inspected; it is an inspection stamp.

Q. Mr. Armstrong, on that point would such an article of universal use as a spark plug or an electric light bulb when purchased by the Department of National Defence these days—would they have any special marking when purchased from the manufacturers?—A. I do not believe they would.

Q. For example, I know one of the largest mines in this country was having a terrific loss on electric light bulbs thefts alone and so when they buy their electric light bulbs at no extra cost to them they get a particular marking which is put on at the premises of the manufacturer and if any employee is using a bulb of that kind it is obvious immediately. Similarly with other things like spark plugs they would do just as Eaton's do—have their own brand, and they find that in view of the quantities they are buying it does not involve them in much extra expense, if any.—A. According to our legal advice this is not a presumption of ownership. The fact that you have your stores marked does not in itself lead to a conclusion or presumption that they are owned by the Crown.

Mr. HENDERSON: You can sure trace them that way.

*By the Chairman:*

Q. Why not? If someone had an article that had a government stamp on it, like my desk in my office and my wastepaper basket, you mean to say that the legal department suggests that it does not make it necessary for me to explain how I got it?

*By Mr. Benidickson:*

Q. Why are railway box cars specially stamped with markings saying the car is owned by a separate corporation until it is paid for?—A. In itself the fact that the article is stamped according to our legal advisers is not sufficient to establish ownership by the Crown. Of course, because of the sales of considerable volumes of stores after the war, there are a great many on the market which already have a government stamp on them.

*By the Chairman:*

Q. Well, what possible objection could there be, forgetting entirely the onus on the person in whose possession it is found? Wouldn't it help you trace the article?—A. Well, of course, as I say, we do stamp stores with an inspection stamp.

Q. Everything?—A. Not everything. I cannot say offhand whether spark plugs would be stamped or not; I expect they would not because what would happen if the article itself is such that it would be difficult to stamp each individual article, then the package would be stamped.

Q. When the article is made, whatever article it is—whether a shirt or whether a beret or whatever it is, at that time why can't the department ask that a distinctive government mark be placed on that article?—A. I suppose there is no reason why the department cannot. This, however, again may involve additional expense.

Mr. BENIDICKSON: I am informed that it is worth while for, say, a large mine in this country to have their distinctive specifications on such a thing as a light bulb. Now, every big buyer probably, of maybe not spark plugs but articles of that kind that every man across Canada could use, finds that it reduces the loss through the exit gates if those articles have a distinctive brand that is known to be their brand and they say the manufacturer does that as part of the service on large orders.

*By Mr. Hunter:*

Q. Mr. Chairman, we all remember that the English who have had a fair experience in these things used to go to the extreme of stamping their rolls of toilet paper.—A. Well, this is a subject that is still under consideration and we will certainly look into it further in the Department of National Defence.

The CHAIRMAN: Go on please.

The WITNESS: The next recommendation was that when a re-warehousing program is undertaken within any depot, the fire prevention officers in the command and the fire marshal are requested to assist with their advice. That is the general practice where there is a major re-warehousing program, which may have some bearing on fire regulations. The fire marshal is consulted. It was recommended that spot checks on single items be taken from time to time within the depots; but that has not been carried out as yet due to the lack of sufficient trained people to do the job.

(p) that no action be taken. There is nothing there to report.

The CHAIRMAN: We shall now deal with the fire on the 1st of January, 1952, at No. 26 C.O.D. which will be the last of the C.O.D. fires. First we have the findings of the Board of Inquiry. Tell us who composed the board, and when it was held.

The WITNESS: The board was composed of Colonel D. F. Forbes, the president.

Mr. BENIDICKSON: And I take it that the personnel of that board was the same as the personnel of the board which investigated the large fire?

The WITNESS: Exactly the same as was on the large fire. Lieutenant-Colonel Desautels, Major Parker, and as adviser, Lieutenant-Colonel Campbell.

Mr. MACDONNELL: Mr. Chairman, can this not all be put on the record? We were set up as a defence expenditure committee but defence expenditures seem to have gone far into the background.

Mr. BENIDICKSON: Mr. Chairman, I too would like to get back to some of the large items of defence expenditures, but we got side-tracked on to Petawawa and other things at the request of the opposition. However, the by-elections are over now but we must conclude this now.

Mr. MACDONNELL: The side-tracking began when they refused to allow Petawawa to be investigated, and this was substituted. We have come a long way.

The CHAIRMAN: Gentlemen, there was a request made by Mr. Adamson which was generally supported that the findings of the Courts of Inquiry in connection with the three fires, at No. 26 C.O.D. and the fire at Trenton, be placed before this committee.

Mr. MACDONNELL: I am asking, Mr. Chairman, that they be placed on the record.

The CHAIRMAN: This committee asked for the details and those details are here now and a witness will answer questions on them. At the last agenda meeting we discussed our future program and because some of the



members were absent, we did not make a firm decision. At that time the opinion of the committee was that after this meeting we would revert to the Defence Production Department. With that in mind, I had asked the clerk to call an agenda committee meeting for tomorrow so that we could reach a decision. I also discussed the matter with the Defence Production Department and tentatively alerted them for a Tuesday meeting. I think it is important that we now, once and for all, deal with these fires in detail.

Mr. BENIDICKSON: As well as the thefts and the write-offs.

The CHAIRMAN: Yes, the thefts and the write-offs, and make as much progress as we can before we revert to defence production.

Mr. BENIDICKSON: We have been given 150 pages of details relating to fires, write-offs, etc. but we have come to no conclusion yet.

The WITNESS: The findings of the Board of Inquiry with respect to the fire on January 1, 1952, at 0120 hours, No. 26 C.O.D. Ottawa:

Findings of the Board of Inquiry

The board finds that:—

(a) The fire which occurred in Area F, 26 C.O.D., Ottawa on 1 January, 1952, would appear to have been set deliberately by SC 17170 Pte. Davis, Hector.

Mr. HUNTER: Was he convicted?

The CHAIRMAN: I suppose so, but it does not appear in the first paragraph. Was he convicted?

The WITNESS: He has been.

The CHAIRMAN: Please continue.

The WITNESS:

(b) Commissionaire W. H. Riley, Canadian Corps of Commissionaires discovered the fire.

(c) On discovery of the fire Commissionaire Riley gave the alarm by means of Manual No. 51 and proceeded to fight the fire.

(d) The breaking of the glass in Manual No. 51 by Commissionaire Riley caused the fire alarm system in 26 C.O.D. to function. It also warned the Dominion Electric Protection Company who immediately relayed the alarm to the Ottawa Fire Department which responded promptly.

(e) It was a matter of seconds from the time of the discovery of the fire until the alarm was sounded. There was no delay.

(f) A hose was turned on immediately.

(g) Lt. E. W. Parkes was Orderly Officer on duty at the time of the fire. He carried out his duties efficiently.

(h) Sgt. McWhinney, G. G., 26 COD, was Orderly Sergeant in charge of the fire picquet the night of the fire. Duty personnel and off-duty personnel from the messes turned out promptly and dealt effectively with the fire.

(i) There was no failure of water supply, hydrants and fire fighting apparatus.

(j) Fire fighting equipment on the spot was ample.

(k) The Ottawa Fire Department was notified through Dominion Electric Protection Company by the ringing of manual No. 51.

(l) The alarm was received by the Ottawa Fire Department at 0127 hrs. 1 Jan. 52. At 0134 hrs. 1 Jan. 52 they had two hose lines laid out. There was no delay.

(m) The Ottawa Fire Department furnished ample equipment, at no cost to the Department of National Defence, to fight the fire. The joint fire fighting arrangements functioned most efficiently.

(n) The fire was extinguished approximately one and one-half hours after its discovery.

(o) The extent of the injuries and damage is as follows:

(i) Fireman Howard Graham, OFD, was knocked down by a portion of a falling stack of stores and tore the ligaments in his back and shoulder. It was not considered serious.

(ii) Estimated cost of repairs to roof at 26 COD .....\$1,000.00

(iii) No damage to privately owned contents. The damage of public owned contents is as follows:

(a) Paper stocks belonging to Technical Records branch .. \$920.50

(b) Ordnance Stores—no figures yet available.

Mr. MACDONNELL: What do you mean by "... no figures yet available"?

The WITNESS: That was at the time of the court. The figures are in the statement which you have, but at the time they investigated it, they did not have the figures on the ordnance stores lost.

(p) Commissionaire Riley was on duty in Area F at the time of the outbreak of the fire. Pte. Davis was the member of the military fire picquet doing his tour of the depot at the time of the outbreak of the fire. Commissionaire Statkevich was also in Area F at the time of the outbreak of the fire.

(q) Adequate standing orders relating to fire were posted throughout the building and at each fire point.

(r) The fire prevention committee carried out its last inspection, prior to the fire on 5 Nov. 51. The chairman of the fire prevention committee carried out a personal inspection on 28 Dec. 51.

(s) The last unit fire drill held by 26 COD before the fire was on 6 Dec. 51.

As required by the order dated 2 Jan. 52 convening the board, it further finds that:

Within the resources of the depot, at the time of the fire, the means taken to prevent, detect, report and fight the fire were effective. As far as the evidence shows no connection has been established between this fire and any other.

There does not appear to be any connection between this fire and stocktaking.

Both Capt. K. M. Mickleborough and WO 1 McArthur, J. M. knew that Pte. Davis, H. had been recommended as category S-5 prior to Davis being detailed for duty as fire picquet the night of 31 Dec. 51/1 Jan. 52. Despite this Capt. K. M. Mickleborough did not formally inform the unit.

Mr. MACDONNELL: Would you please explain that category to the committee?

The WITNESS:

Despite the fact the evidence shows WO 1 McArthur, J. M. had discussed the case of Pte. Davis, H. with Capt. K. M. Mickleborough on or about 18 Dec. 51, and also that he knew a category of S-5 had been recommended for Pte. Davis, H. he detailed Pte. Davis as a member of the fire picquet for 31 Dec. 51/1 Jan. 52.

The sprinkler system was in process of being installed but installation was not completed. The sprinkler system was not installed in Area F at the time of the fire.

The absence of adequate ventilators (roof hatches) was a handicap in fighting the fire.

Pte Davis, H. has been charged under Section 511 of the Criminal Code of Canada with arson. It is expected his trial will be held at the forthcoming spring assizes in Ottawa.

Due to the type of palletts in use and the method of stacking stores the fire spread rapidly.

The CHAIRMAN: Those are the findings. And now you have the recommendations of the board. Please proceed:

The board recommends that:

(a) Roof hatches be installed to carry off smoke and fumes and to allow access for fire fighting.

(b) A drainage system be provided to carry off water.

(c) The fire wall between Areas "C" and "D" be completed without delay.

(d) The Detex watchmen's clock key stations outside the building be replaced by Dominion Electric Protection Company combination night watch and fire alarm boxes similar to the inside combination boxes.

(e) On completion of the supervised sprinkler installation no-one be allowed to remain inside the depot warehouse area during off-duty hours. All security personnel should be employed outside the warehouse area proper. The supervised sprinkler installation to be the sole method of providing inside protection and automatic fire alarm.

(f) Regulations should specifically state that the appropriate medical officer be responsible for informing the Commanding Officer immediately a recommendation for lowering a soldier's category is received. The medical officer should advise the Commanding Officer regarding employment of the soldier pending confirmation of a new category.

(g) Capt. K. M. Mickleborough be instructed that in all future cases where there is a recommendation for a lowering of a soldier's category he will bring it immediately to the attention of the unit.

(h) Disciplinary action be taken against WO 1 McArthur, J. M. for his lack of discretion in placing Pte Davis, H. on fire picquet on the night of 31 Dec 51/1 Jan 52 when he knew Davis had been recommended a category of S-5.

(i) A study has been made to ascertain if the palletts can be modified and the method of stacking stores changed in order to reduce fire hazard.

The CHAIRMAN: The first five, as I recall it, are the same as the recommendations which were made in regard to the previous fire.

The WITNESS: That is right.

The CHAIRMAN: Then please start with the next one which will be No. 6, if the first five recommendations are the same.

The WITNESS: With respect to No. 6, that is, that the responsible medical officer directly inform the commanding officer of a lowering of a soldier's category, this question is still under consideration at the present time. That information would reach the commanding officer through the normal chain, that is, it would be passed through the area, to the commanding officer of the unit. In this particular case the findings of the medical examination were passed on to



the depot, and they arrived there and reached the personnel division on Dec. 29. That was a Saturday morning, and the medical board was held over from then until after the New Year.

Mr. HUNTER: Is there any reason, in the case of a man who is in category S-F-1, to suspect him of arson? I never heard of such a thing as a tendency towards arson. We have all run into people with categories like that, but I do not think anybody has thought they were going to be guilty of arson.

The CHAIRMAN: People of that category have tendencies. One just does not know which way they are directed.

Mr. MACDONNELL: Would it be fair to say that a man in that category should not be put on the duty that he was put?

The WITNESS: A man of that category, of course, would be discharged from the army altogether.

The CHAIRMAN: What I think Mr. Macdonnell means is in line with the courts recommendations, that a man of that category should not have been put on duty.

The WITNESS: That is right.

The CHAIRMAN: That is what the board said.

Mr. MACDONNELL: That is what I understood it to be; and further, I understood from what Mr. Armstrong read earlier, that it was clear that this was known.

The CHAIRMAN: No. There is nothing to indicate that.

Mr. DICKEY: It was known to the warrant officer, and the warrant officer was disciplined for having put him on that duty when he was in that category.

Mr. MACDONNELL: It was not known to Capt. Mickleborough, though?

The WITNESS: No, it was not known officially to the depot. But the Court of Inquiry found that it was known unofficially; that is, the warrant officer, McArthur, had been told unofficially that there would be a change in this man's medical category. Davis had previously been a fire piquet and had been perfectly satisfactory as far as No. 26 COD was concerned, and he had a good conduct sheet up until the time that this occurred. This was a question of judgment on the part of Warrant Officer McArthur, and, based on his experience up to that time, he allowed Davis to undertake the duty of a fire piquet on this night.

Mr. CHURCHILL: How long had this man been in the army?

The WITNESS: He had been in approximately a year.

Mr. CHURCHILL: Had he been rated higher than that, or at least lower than the grading on his PULHEMS S-1 prior to this?

The WITNESS: He was given PULHEMS 1 when he was enlisted; and the mental examination resulting in this down-grading took place on December 12, 1951.

The CHAIRMAN: Mr. Stick.

*By Mr. Stick:*

Q. My question has to do with expenditures. Why is it necessary to have special ventilation for your sprinkler system? It costs quite a lot of money. You have got to change your ventilation. Why is that?—A. It is not necessary to have a special ventilation system for the sprinkler system. The ventilating system has been a requirement, as you will have noted, from the recommendations of the various boards of inquiry in all of these fires. The necessity for it is to provide means of letting out the accumulation of smoke and gases and also, if necessary, to provide a means of getting water into the building from the top, although that would be eliminated by a sprinkler system. When the

sprinkler system is installed, as I said before, the need for the ventilating hatches is reduced approximately to one-half the ventilating space that would otherwise be required.

Q. Why have you gone to that expense? In this recommendation I understood it is special ventilation which you are installing now, which would cost a lot of money. I have not got the exact figure at the moment; but why have you gone to that expense when the need for it is so very much reduced?—A. The ventilating system is not being installed at the moment. I said that the matter was under study. While the estimated cost before the sprinkler system was installed, was \$116,000, the estimated cost of the plan that is now under consideration is approximately 25 per cent of that, which would be, roughly, \$30,000.

Q. You said a moment ago that the idea of the ventilation system was to allow firemen to fight fires from the outside and to let the smoke out of the building. If your sprinkler system is effective, as it should be, your fires will be at a minimum, and there should not be much smoke.—A. That explains the reason why the ventilating area is reduced if you install a sprinkler system. It is reduced very substantially.

Q. You could practically eliminate it altogether if the sprinkler system operates properly.

Now, one other question. You have a system of checking on the sprinkler system. Do you check the sprinkler system every day? I understand something about sprinkler systems and the system operates on air pressure against water pressure. If your air pressure goes down to such an extent the water will come in and the hammer will trip and the alarm will go. Is that checked every day?—A. I believe it is automatically checked.

Q. You have two gauges—an air gauge and a water gauge for pressure?—A. That is right.

Q. It is air pressure against water pressure which keeps the water back. If your pressure goes down the water will come into the system?—A. That is right.

Q. Now, is that checked every day—to see the air pressures are up to a certain point?—A. The system is maintained by the Dominion Electrical Protection Company. If the air pressure was reduced, that is if one of the heads let the air out there would be an automatic register—

Q. That is not what I am getting at. I understand that completely, but even with the system you have got it is not air tight. After a week or so the pressure goes down about five points, but is there any check of that to see the air pressure is maintained to a certain level—by the staff?—A. That is automatically registered. If the air pressure varies the Dominion Electrical Protection Company is responsible for its maintenance—so if anything of that sort happened it would be immediately corrected.

Q. One or two things in connection with our visit yesterday—and I do not want to be too critical.

You have a system now of when you hire labour on your staff there they are to wear badges to show they are employed in the building. In other words, when they enter they are given badges like we had yesterday. I asked yesterday whether there was a check made periodically within the building, and I understand the regulations are that when you are employed within the building you are supposed to wear this identification badge. The answer I got yesterday was yes.

I looked around at the staff and great numbers of them were not wearing the badges at all. The military were wearing them but the civilians were not. It may be that you know the persons working there and so it is not necessary for them to wear the badges—but if you are going to have security regulations to the effect that they are supposed to wear the badges, then in my opinion whoever is responsible should see that they do wear them.

There is another question, I think. I understood that when one of the main doors was open during the day there was supposed to be a guard on the outside. Is that correct?—A. That is right.

Q. One of your main doors was open yesterday and there was no guard. I went out and looked around to see if there was a guard but there was not.

That is criticism, maybe, but if you are going to have security regulations, and if you are going to have them there, it is up to someone to see that they are carried out. They were not carried out yesterday?—A. Might I ask which door this was at?

Q. Where the carpenters were working. The door was open and I walked out there and looked up and down the platform and there was no guard.

Mr. HUNTER: They knew you were all right.

The CHAIRMAN: Gentlemen, if there are no further questions on the June to January—

The WITNESS: I might just answer the last question. There would not be a security guard if the doors open on a part of the warehouse. Now, there is a security guard on every entrance to and from that depot.

Mr. STICK: The door was open all the time we were there and the carpenters were working there and half the carpenters didn't have their badges on and anybody could have walked in and out if he had no badge.

The WITNESS: I will check up on that.

Mr. STICK: It is all right, that is all I have to say about it.

The CHAIRMAN: Gentlemen, we have completed the inquiry on the fires at Plouffe Park and now we are at No. 6 Repair Depot, Trenton. There was one fire there on the 2nd of January. We have the findings of the court of inquiry and the recommendations. That will complete our immediate request for fire, theft, and write-offs.

Who composed the court, Mr. Armstrong?

The WITNESS: The court was composed of Squadron Leader E. H. Beaton, President, and members, Flight Lt. H. Welch, and Flight Lt. A. E. Falls.

The findings are:

1. That No. 9 hangar at 6 Repair Depot was totally destroyed by fire 2nd January 1952, and no injury to service personnel or others occurred.

2. That the contents therein were also a total loss including the aircraft therein.

3. That the fire was first observed and reported almost simultaneously by three witnesses at approximately 1720 hours.

4. That evidence indicates that the fire originated in the south-east corner of the lean-to or hangar.

5. That the fire spread so rapidly that on the arrival of 6 Repair Depot firefighters at approximately two minutes after the receipt of the alarm it was considered to be beyond control.

6. That the N.C.O. i/c of the firefighters decided and directed that all resources should concentrate in the removal of aircraft and the protection of hangars 8 and 10 and adjacent building.

7. That hangars 8 and 10 were slightly damaged by fire.

8. That 6 Repair Depot firefighters were ably assisted by equipment and personnel from R.C.A.F. Station Trenton, Town of Trenton, and City of Belleville who promptly responded on request.

9. That adequate water supply and pressure was available and maintained throughout the course of the fire.

10. That the evidence indicates that the firefighting operations were well conducted and commendable during the course of the fire.



11. That the following firefighting equipment was available:

6 Repair Depot—1 pumper, 1 crash truck.

RCAF station Trenton—1 pumper, 1 crash truck.

Town of Trenton—1 pumper.

City of Belleville—1 pumper.

12. That RCAF Station Trenton apparatus and personnel arrived approximately 10 minutes, Trenton Fire Brigade approximately 25 minutes and the Belleville Fire Brigade approximately 45 minutes after receiving the warning.

13. That there were no charges levied by the Town of Trenton or the City of Belleville for the use of their equipment or personnel.

14. That the evidence indicates that witness No. 1 visited the No. 9 hangar at approximately 1550 hours 2nd January 1952 to carry out his duties.

15. That witness was not fully conversant with his duties in that he did not sign the duty roster book for key orderlies as having read and understood the existing orders and instructions.

16. Now there was apparent laxity on the part of the NCO who detailed the key orderly on this occasion by not insuring that the existing orders and instructions for key orderlies were signed for as having been read and understood by the person detailed.

17. That the key orderly witness No. 1 did not carry out the duties listed in paras. 5, 6 and 7 of the key orderly duties in that he did not examine and insure that all electrical equipment and appliances were disconnected and left in safe condition, nor reporting to the NCO i/c of the Orderly Room 2nd January 1952.

18. That adequate copies of station standing orders containing fire orders for 6 Repair Depot were posted and available to all personnel for reading.

19. That most recent inspection by the fire department was 7th Dec. 1951, and most recent meeting of the Fire Committee was 10 Sept. 1951.

20. That the last recorded fire drill was 11 Sept. 1951.

21. That inflammable materials were stored in other than a fire proof room i.e. Rubber Room located in central portion of lean-to No. 9 hangar.

22. That no recent trouble had been experienced with electrical system in No. 9 hangar.

23. That no recent trouble had been experienced with the heating and was functioning satisfactorily 2nd January 1952.

24. That sufficient hydrants were available in the close vicinity of No. 9 hangar for the fighting of the fire.

25. That No. 9 hangar was heated in accordance with DND RCAF Dwg HA-43-10 1 July 42.

26. That an inspection subsequent to the 2 January 1952 indicated that the concrete heating ducts were severely burned and also indications were that they had apparently distributed the fire around the inside perimeter of the hangar.

27. That there was a strong possibility that during the course of the fire, gasoline leaking from fuel tanks of stored aircraft escaped into the heating ducts possibly adding to the intensity and rapid spread of the fire.

28. That gasoline from leaking tanks in stored aircraft during the course of the fire escaped through the floor drains into the storm sewer servicing number 9 hangar and at least caused two or more explosions in storm sewer manholes adjacent to number 9 hangar.

29. That an examination of the debris on the 4th of January 1952 revealed an electric Coca Cola cooler and a single burner hot plate were in the south east corner of the lean-to; also in the area of the W/T workshop a Mallory 220 volt rectifier was found.

30. That an examination of the cooler and hot plate mentioned in findings 29 by qualified persons revealed that the conditions of the items did not indicate that they were contributory factors in the cause of the fire. The Mallory rectifier was so badly burned that it could not be determined by examination whether or not it was a contributory cause.

31. That witness number 5 was apparently the last person in the vicinity of number 9 hangar approximately 1630 hours 2nd of January 1952.

32. That the Mallory rectifier mentioned in paragraph 29 was disconnected at 1525 hours.

33. That there is conflicting evidence as to his activities during the period between 1520 hours and 1630 hours 2nd of January 1952.

34. That from inspection and observation by the board of inquiry it has found that the general housekeeping throughout the buildings of 6 repair depot is satisfactory.

35. That the room located in the south east corner of hangar No. 9 was smoking and refreshment room for the convenience of A.R.S. personnel of hangars Nos. 9, 10 and 11.

36. That there was no existing doors through the main partition dividing the smoke room from the main hangar.

37. That witness number 26 was employed to keep the smoke room in a clean and tidy condition.

38. That evidence reveals that there was no apparent fire hazard in the electrical section located in the lean-to of hangar No. 9.

39. That the original cost of buildings, aircraft and materials lost, plus the cost of repairs to adjoining buildings totals \$2,305,097.38 made up as follows:

Original cost of hangar.....	\$ 107,000.00
Estimated cost of repairs to hangars 8 and 9....	1,500.00
Value of aircraft, engines and materials.....	2,196,597.38
Total .....	\$2,305,097.38

40. That portable appliances and equipment, e.g. hot plate, soldering irons and Mallory rectifier were connected to ordinary wall receptacles.

41. That the board having inspected the scene of the fire, examined witnesses and made all possible investigations as shown in the evidence cannot determine the cause of the fire which destroyed hangar number 9.

The CHAIRMAN: Now, may we have the recommendations.

The WITNESS: The recommendations:

The board recommends:

1. That a more rigid and frequent fire inspection be carried out by serving personnel in all buildings in the depot area and that particular attention be paid to workshops, etc., where normal working conditions necessarily create a fire hazard.

2. That all rooms used for smoking and areas used as workshops in hangar lean-to's of wooden construction be sheeted and floored with fire resistant material.

3. That no inflammable materials be stored in hangars including lean-to's other than in specially constructed fire proof rooms.

4. That all aircraft be fully refuelled before being parked inside of hangars.

5. That an investigation be made as to the feasibility of the installation of an inflammable liquid separator being installed on drainage outlets emanating from buildings and hangers using such liquids.

6. That the existing water storage facilities of 6 repair depot be appreciably increased.

7. That the fire-fighting strength be increased to fill the existing establishment.

8. That a more rigid control of vehicles, personnel and civilians entering and leaving the station be instituted, at all points of entry to the station and aerodrome area.

9. That where a service photographer is available he should be detailed to proceed to any fires and be prepared to take pictures and record the time of these pictures during the course of fire for future reference.

10. That the regulations and terms of the Canadian Electrical Code regarding the wiring and connections to equipment to both portable and fixed in hangars be rigidly adhered to and frequent inspections be made to ensure that no deviation from these regulations have been made.

11. That wherever lockups are provided and rooms and offices are kept locked for security and other reasons, glass panels or observation posts be incorporated in either the doors or wall construction, to provide adequate observation for fire piquets, security patrols, etc.

12. That wherever portable equipment and/or appliances are used and it is not feasible or necessary to be rigidly connected, standard wall receptacles complete with warning pilot light be installed.

13. That the losses, valued at \$2,305,097.38 be written off as a charge to the public.

*By the Chairman:*

Q. Now, will you tell us what was done with respect to these recommendations, Mr. Armstrong?—A. Yes.

Q. Go ahead.—A. With regard to recommendation No. 1:

That a more rigid and frequent fire inspection be carried out by serving personnel in all buildings in the depot area and that particular attention be paid to workshops, etc., where normal working conditions necessarily create a fire hazard.

A supplementary instruction has been issued to existing instructions contained in the R.C.A.F. fire manual which in themselves stipulate that daily fire inspections are to be carried out under the supervision of the plant station fire chief.

The fire manual requires that special attention be devoted to the protection of the hangars, workshops, stores, buildings, hospitals or other buildings or structures in which inflammable material is stored or is in constant use.

The second recommendation—



*By Mr. Stick:*

Q. Before we go any further, you have issued special instructions as a result of that fire. Are you satisfied that your instructions have been carried out? Is there any report which has come in to show that those instructions have been and are being carried out?—A. I doubt if that report has been received as yet. The fire people, of course, do get out and make an inspection and report to the responsible officer in the Commands. As I said before, I think we have to rely on the inspections that are carried out periodically to ensure that these regulations are adhered to.

Q. Don't you think when you issue instructions like that, that you should have a report periodically that your instructions are carried out and not leave it to chance, to somebody who may be negligent about it?—A. We do have a report periodically by an independent investigator.

*By Mr. Churchill:*

Q. But when you speak of a periodic report, at what time—because obviously you have had fire instructions issued and then following these last fires file supplementary fire instructions, but the reports so far as we have heard now seem to indicate that there was a certain laxity in carrying out those instructions, a laxity with regard to inspection. What assurance have we that the original fire instructions and the supplementary fire instructions are being carefully carried out? The periodic report would have to be rather a frequent report, wouldn't it, because this fire hazard is perhaps the greatest hazard that faces an installation such as this?—A. An inspection is carried out quarterly. If the indications are that the regulations are not being applied, that inspection would bring that out and result in instructions being issued to the commanding officer to see that they are applied in future.

Q. You said quarterly?—A. Quarterly.

Q. Have similar instructions been issued to other stations?—A. These instructions were general.

Q. I would think that you would require a report more frequently than quarterly in view of the serious hazard of fire and in view of the serious losses that were incurred here?—A. The commanding officer of these stations is responsible to see that his fire regulations are being properly adhered to. These men are responsible officers and the question of how frequently inspections should be made, I think, has to be examined in relation to the cost of providing an inspection service that will enable them to be made at more frequent intervals.

Q. Well, the cost of an inspection would be relatively small in comparison with the loss involved?—A. That is on the assumption that your inspection service eliminates all fires, and I do not think that is a proper assumption.

*By Mr. Macdonnell:*

Q. It seems to me as one listens to that that there was every evidence that things were extraordinarily slack and I would like to ask, was anyone disciplined in any way whatever?—A. There has been no disciplinary action in respect of this fire.

Q. Take one thing, for instance—

The CHAIRMAN: Just let him finish his answer, please.

The WITNESS: Going back, if I remember rightly, the laxity that was pointed out in the findings of the court of inquiry was a failure on the part of the man who was assigned to the key orderly duties to sign the key orderly book. That is paragraph 16:

There was an apparent laxity on the part of the N.C.O. who detailed the key orderly on this occasion by not ensuring that the existing orders

and instructions for key orderlies were signed as having been read and understood by the person detailed.

Now, in respect of that, instructions have now been issued that the key orderly will be assigned this duty by way of routine orders and the routine orders will specifically specify the responsibilities of the position in question. If I might go on just a little further. The senior officers who reviewed the findings of this board went back and had this particular question re-examined as to the individual who was mentioned here and whether or not he did in fact carry out his duties.

That re-examination led to the conclusion that he had carried out the duties that he was required to undertake but had failed to sign the book showing that he understood that these were the duties. Consequently, there was no disciplinary action taken against him.

*By Mr. Macdonnell:*

Q. I was not thinking so much about him as the higher-ups. I was wondering as to when the fire committee met and then you said it was on the 10th of September, the fire not coming until the 2nd of January, and then I think you said on the 11th of September there was a fire drill?

The CHAIRMAN: Last recorded fire drill.

*By Mr. Macdonnell:*

Q. Now, you said something about routine orders having reference to constant fire inspection but I think you also made a reference to a three-month period?—A. Well, it says that the most recent inspection by the Fire Department was on the 7th of December, 1951. The most recent meeting of the fire committee, that is, the fire committee on the station, was the 10th of September but the last inspection was the 7th of December.

Q. When are ordinary fire drills supposed to take place?—A. The fire drills are at the discretion of the commanding officer.

Q. You mentioned this three-month interval?—A. That is the inspection.

*By Mr. Campney:*

Q. By whom?—A. This is carried out by the fire chief responsible at the station.

*By Mr. Stick:*

Q. In that inquiry did they check up on the commanding officer to see that he had carried out his responsibility in the matter?—A. A court of inquiry of this kind is reviewed by the senior officer, in this case, the air officer commanding air materiel command. In that review he assesses the competency of the responsible officers concerned.

*By Mr. Macdonnell:*

Q. What building was the hot plate in?—A. The hot plate was in the lean-to of the hangar in the southeast corner.

*By the Chairman:*

Q. Which was destroyed?—A. Which was destroyed.

*By Mr. Macdonnell:*

Q. Now, they were not able to say that they could trace the fire. That is in the report?—A. "The board concluded they could not determine the cause of the fire."

Q. What was the lean-to, what was it for? What was contained in it?—A. I do not know whether the members can see this, but it might help them to understand the situation.

This is the hangar here, and the lean-to is down to the east side of the hangar, and the room contained in the lean-to is the smoke room down at the southeast corner.

Q. Is that room there now going to be sheathed with fire resistant material?—A. It is going to be sheathed with fire resistant material.

Q. Then we had this room with non-fire-resistant material, yet the authorities allowed hot plates in there?—A. This room, in fact, was sheathed with gyproc.

Q. Then I must have misunderstood you. I thought this was one of the rooms that had to be sheathed.—A. I said that it was recommended such rooms be sheathed with a fire resistant material. The walls in this room were of gyproc, which is a fire resistant material.

Q. Was the lean-to destroyed in the fire?—A. It was.

Q. So we do not know which way the fire went?—A. The court, I think, suggested that it probably started in the southeast corner. Now, here is the telecommunications workshop. These are toilets; and the electric workshop; and this is the fan room for the distribution of heat from the furnace.

Q. Coming back to my question, the only criticism or the only thing approaching criticism of anybody was because the non-commissioned officer in question neglected to sign some records showing that he had been instructed. Is that what it boils down to?—A. That is what it boils down to.

Q. I guess that answers my question about disciplining anybody.

The CHAIRMAN: The culprit was not found. Please go on.

The WITNESS: In regard to recommendation 2, it had a reference to sheeting smoke rooms with fire resistant material. Instruction has been issued by the air materiel command headquarters with respect to sheeting rooms in areas used for smoking in workshops. There will necessarily be further study given to this subject before final decisions are made. Under the existing regulations, smoking is permitted only in rooms that are set aside for the purpose and arrangements are made to minimize the possibility of fire by providing proper receptacles for smoking materials, and so on. In so far as any new hangars are concerned, they are built of fire-proof material.

Mr. MACDONNELL: Has there been any expert or insurance man who has looked over the buildings to see if they were adequately protected before a fire, or has it all been done entirely by the military authorities?

The WITNESS: I do not know if that has been done, but I may be able to get you the answer. There were no outside experts brought in to inspect that building. It has been done entirely within the fire marshal's organization of the Department of National Defence.

Mr. BENIDICKSON: On that point of a fire underwriter's inspection, I recall at a previous sitting, I think it was in connection with 26 COD, it was indicated that this building had apparently been approved by the fire underwriters. I was wondering if we could have a little explanation of how the fire underwriters come to inspect our buildings when, of course, the government is a so-called self insurer.

Mr. MACDONNELL: You mean that it carries itself.

Mr. BENIDICKSON: That is right, it carries itself.

The WITNESS: Upon occasion when there are problems with regard to appropriate fire fighting installations and equipment, the underwriting organization is asked for their advice, and that was the case in connection with 26 COD.

*By Mr. Stewart:*

Q. I take it that these personnel are all especially trained?—A. They are all specially trained and well qualified in respect to these problems.



Q. Is there simply the one fire marshal as far as the three services are concerned?—A. Each service has its own fire marshal.

Q. And what is his rank?—A. I believe it is that of colonel, or the equivalent in the other services.

With respect to recommendation No. 3, that no inflammable material be stored in hangars, existing regulations specify that inflammable materials are to be stored only in cool, properly ventilated places and that they be segregated from other stores. In this particular case the storage of inflammable material—and in this case it was rubber that was stored in one of these rooms—was occasioned by the lack at that station of proper storage facilities.

Before the fire, a fire resistant store room for inflammable materials was under construction and has since been completed. The rubber material that was kept in the building was only in small quantities which would be required for day to day operations for the repair work that was going on in the hangar.

The next recommendation was that investigation be made as to the feasibility—I am sorry. The next one was that all aircraft be fully refueled before being parked inside the hangar. Some of the aircraft in this case were undergoing repair which necessitated draining of the fuel tanks. Other than that two aircraft had partially filled tanks. These were in transit to a contractor at Toronto for overhaul. If the fuel tanks in these aircraft had been filled prior to their being parked in the hangar, it would have been necessary to drain the tanks on arrival at the contractor's plant. The existing regulations do require that normally, fuel tanks are to be filled prior to placing the aircraft in the hangar.

Next, that an investigation be made as to the feasibility of the installation of an inflammable liquid separator being installed on drainage outlets emanating from buildings and hangars using such inflammable liquids. This matter is being investigated. It is a research problem and it has been referred to the appropriate specialists at, air materiel command headquarters for study.

Mr. GEORGE: Does that equipment exist today?

The WITNESS: Not that I know of. I have not got a report on it, but as far as I know, it does not exist. We have referred it to the experts to find out whether such a separator is available, or, if not, whether it could be developed.

*By Mr. Churchill:*

Q. On the question of filling fuel tanks, if the tank is drained in order to repair the tank, then what are you advised to do, to fill it within the hangar?—A. No. There are certain occasions when it is not feasible to fill the tank. There were certain aircraft in this hangar at the time, and they were being repaired and the tanks could not be filled. If it is possible to do so, the instructions are that they should be filled; but there are occasions when it is not practical, because of the work that is being done on the aircraft, to have a tank filled.

Q. While it is in the hangar?—A. That is right.

Q. Normally there would be no filling of tanks while they are in the hangar?—A. No. The tanks would not be filled while they are in the hangar. The aircraft are taken outside.

Q. Had that been the case before, or is that the reason for this recommendation by the board?—A. That has always been the standard practice in the air force.

Q. What I do not quite follow is, if it was standard practice to fill the tanks before running the machine into the hangar, why is it noted now on the report?—A. Well, these are the standard instructions. The board brought this out, as they sometimes do in investigating a fire. It was noted in this

case that the fire spread rapidly and so on, and this was a possible explanation of it. Now, on occasion we do have recommendations made by these boards where a regulation exists covering the situation, but they report on it in any case. Now, in this case there were two aircraft in the hangar that did not have the gasoline tanks filled. They were aircraft that were on the way to the contractor.

Mr. MACDONNELL: Surely it is a fair inference to draw that when this recommendation was made it was made because there were previous breaches of that in the past.

The WITNESS: That is not necessarily a proper inference because the board in question, the board that is examining a particular fire very likely is only informed of the circumstances of that fire. They would not necessarily know whether this had in fact or any particular thing had in fact occurred frequently in other cases.

Mr. DICKEY: Surely this is not a question of inference, Mr. Armstrong. It is a question of fact, and I think it was clearly stated in the findings that there were two aircraft in the hangar whose tanks had not been filled, and there was an explanation why they had not been filled. Presumably the board felt that was not quite good enough and explanation, and that is all.

Mr. MACDONNELL: I appreciate that, but the way they put it in, they have not made any reference to these two which, as you say, can easily be explained. However, I do not think it is important.

The WITNESS: "That the existing water storage facilities . . . be appreciably increased." A contract has been issued for the construction of an additional water storage reservoir and pumping facilities at this station. Construction is now in progress. In the findings, however, you will have noted that there was no shortage of water at the fire, but additional facilities are being provided to increase pressure.

*By Mr. Churchill:*

Q. Have you other means than water for use in case of fire, other materials besides water?—A. Yes, appropriate fire extinguishers, chemical extinguishers are available in these hangars.

Next, "That the fire fighting strength be increased to fill the existing establishment." This establishment of fire fighters calls for 11 airmen. At the time of the fire I think the strength amounted to six. There is generally in most of these establishments a shortage of fire fighters, which is due to the difficulty of expanding the fire fighting establishment with trained people as quickly as the general expansion that is taking place in the air force. In order to overcome the problem a school has been established and there are now 40 recruits for the fire fighter trade who are on training in this training course. Before the expansion of the air force these establishments were pretty well filled, up to at least 90 per cent.

Q. In addition to your trained fighters, are men placed on fire piquet?—A. There are men placed on fire piquet. This recommendation refers to the establishment of fire fighters on the station.

"That a more rigid control of vehicles 'and so on' leaving and entering the station be instituted—" This recommendation apparently arose out of the fact that a press photographer got into the station during the fire and they were unable to find out how he gained access. The air officer commanding has issued instructions covering more rigid control of vehicles and civilians entering the station. There are only two entrances to the station and both have guards on them. The station itself is, of course, quite large, the area including the airfield itself to the south of the station, all of which is encompassed by a security fence.



10. "That the regulations and terms of the Canadian electrical code regarding wiring and connections to equipment—be rigidly adhered to—" This matter is being examined. Instructions have been issued in regard to electrical installations, which do conform with the Canadian electrical code. This recommendation refers to the connections of the electrical plate and so on, and the possibility of having pilot lights on them. Pilot lights under the electrical code are required for certain types of heating equipment only, and we are having that examined to determine to what extent some change is required.

No. 11 refers to the desirability of having glass panels wherever lock-ups are required, because of security. This has been investigated and the expert advice is that it would not be satisfactory from the point of view of fire to have glass partitions or glass windows in these rooms, because if a fire did start there the glass would be broken and allow the fire to escape. That question is also being further studied.

12. I have already spoken to this.

The CHAIRMAN: Gentlemen, that completes the information that was requested on the four largest fires, both in the army and in the air force. Now, we are back again to the book, this exhibit B of the Department of National Defence, Canadian Army—Thefts and Write-Offs.

Mr. STICK: Before you go on to the next question there, Mr. Chairman, I have a suggestion to make. It was suggested here in the first part of our meeting that Mr. Stewart wishes to go to No. 26 Central Ordnance Depot to follow up our visit yesterday and Mr. Benidickson made a suggestion that we divide ourselves into subcommittees and go around and visit different depots and army installations and so on. I think that suggestion is a very good one. We have now, I think, or we should have if we have not, a general over-all picture of the organization from the headquarters standpoint. I think it would be beneficial to the committee that we now go and see the units in operation, the organization there, to round out our full knowledge of the expenditures and the organization within the different services, and if that is acceptable to the committee I would make the suggestion, sir, that your steering committee take into consideration tomorrow the formation of this committee into subcommittees to visit the different installations, such as the one at Camp Borden and the larger ones, and follow up the visit which we made yesterday and see how the organization is working from the standpoint of the camps and the different units. I make that suggestion and, if necessary, I am prepared to make a motion on it.

The CHAIRMAN: I prefer you did not make a motion, Mr. Stick, but I will assure you that that suggestion will be taken to the agenda committee when it meets tomorrow morning.

Mr. STICK: And we will have a report from the agenda committee on it?

The CHAIRMAN: Yes.

Mr. BENIDICKSON: The reason I made that suggestion was that I do not think anybody should feel that we have not gone as far as members of the committee normally would on the subject we agreed to inquire into. Mr. Stewart mentioned that with respect to No. 26 Central Ordnance Depot he felt that further detailed inquiry should be made by a member of the committee or a subcommittee, and the chairman indicated he could go again personally. That is fine. But there may be other members of the committee who may feel that they have not all the information they want on these matters, and perhaps some of the members would like to go further into it. I should think that a man like Mr. Stewart should pursue that. He is a chartered accountant and he knows something about checking stores and the like. Then Mr. Macdonnell raised the question of what would be the possibility of calling some



expert in handling merchandise, stores and the like. With respect to that I simply raise the question, is the Currie inquiry sufficiently broad that this committee might recommend to Mr. Currie and his inquiring organization that they look into No. 26 C.O.D. to see if it conforms in stockkeeping methods and the like met with in their large experience in commercial practice. I just throw that out as a suggestion. Had not Mr. Stick made that suggestion in the way he did, I was going to express the hope, Mr. Chairman, that when we come to the end of this section of our inquiry that we make an interim report. Now, that interim report, I take it, would not be possible soon if we had a subcommittee still working on this problem. I am not objecting to the subcommittee, because I suggested it, but had Mr. Stick not made that suggestion and were there not outstanding inquiries on the part of our members with respect to these matters of fire, theft and write-offs, I was hoping that before these things got pushed out of our minds through going on to some other section of our inquiry, the agenda committee would consider the opportunity of making an interim report.

The CHAIRMAN: All members of the agenda committee are here, what Mr. Stick said and what Mr. Benidickson has just said will be considered tomorrow. It is my own hope that we will devote one more meeting to the matter of fire, theft and write-offs and then we will turn to defence production and perhaps devote one meeting to unanswered questions.

That is what I think we will be discussing tomorrow.

We have dealt with the largest of the fires in both the army and the air force, and also with thefts and write-offs. I indicated that we will have one more meeting on these matters. Now will you please take a look at the Army book and if there is anything there that interests you please ask questions. They seem to be small matters—the amounts anyway—but there may be something that does interest you. We have the personnel here and we will try to give you the answers to your questions.

Does anyone wish to pursue any of the matters in connection with the losses through theft or fraud, or write-offs in the Canadian army?

Mr. THOMAS: With respect to item No. 8, sub-depot, 26 C.O.D.—

The CHAIRMAN: Quebec?

Mr. THOMAS: Yes. When this was drawn up the matter was still under investigation. Is there anything further to report on that?

The WITNESS: This case is still before the courts.

Mr. STICK: Sub judice.

The CHAIRMAN: Yes. This is in April of this year, and it is still sub judice. Is there anything else?

Mr. WEAVER: For the next meeting could we have the answer to my request for a summation of (d), column 2, under write-offs. I could work it out myself but—

The CHAIRMAN: Can you obtain the answer to that question?

The WITNESS: I am sorry I have overlooked that.

The CHAIRMAN: Would you ask your question again, Mr. Weaver?

Mr. WEAVER: It is a summation of column (d) under write-offs. It is a very important point, Mr. Chairman. This summary of losses due to theft or fraud, fire and other write-offs for the three services gives a completely wrong impression without that figure.

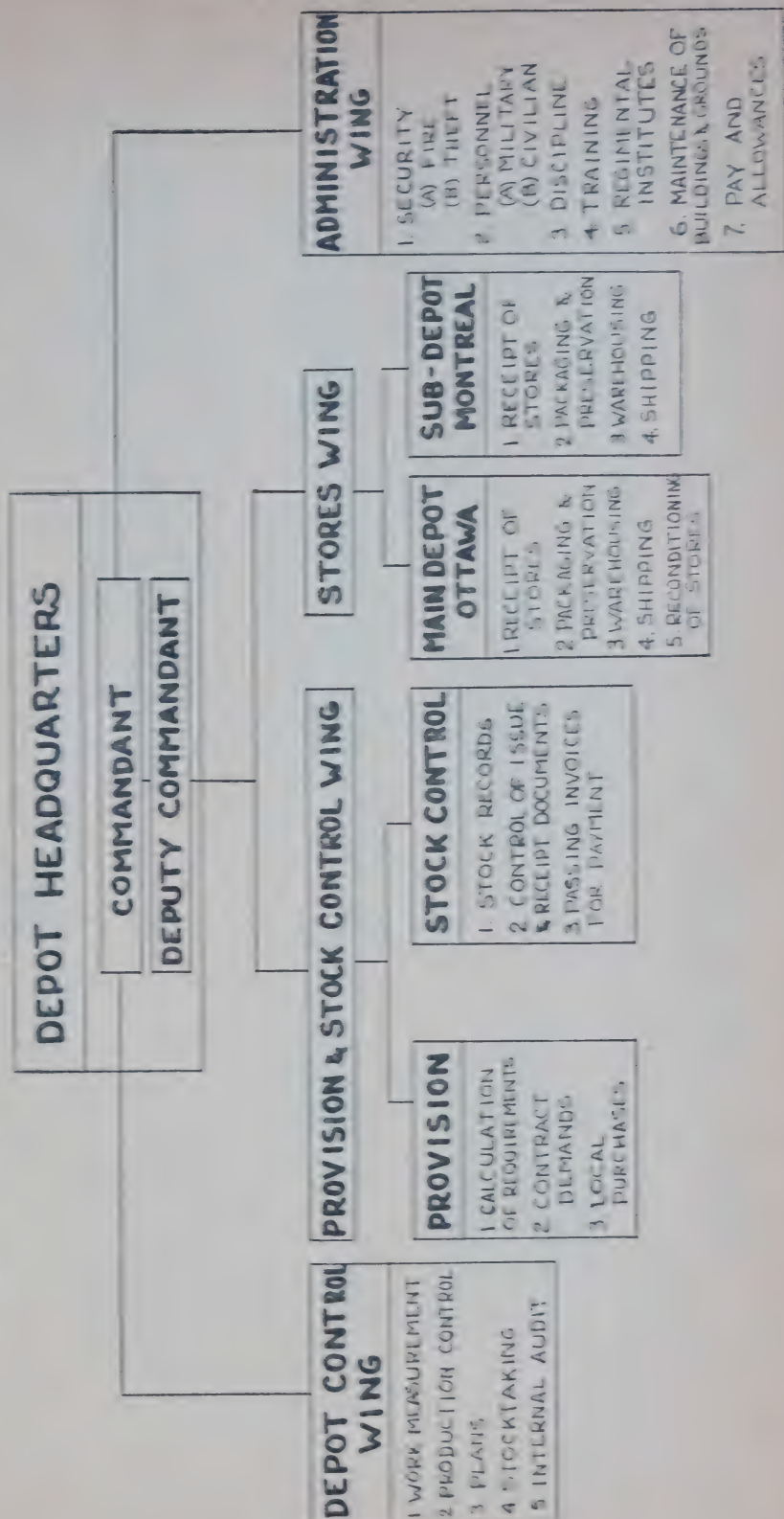
The CHAIRMAN: Mr. Armstrong will have it at the next meeting. I am sorry but it seems to have been overlooked.

Mr. STICK: Mr. Chairman I move we adjourn.

The CHAIRMAN: We have a motion to adjourn.

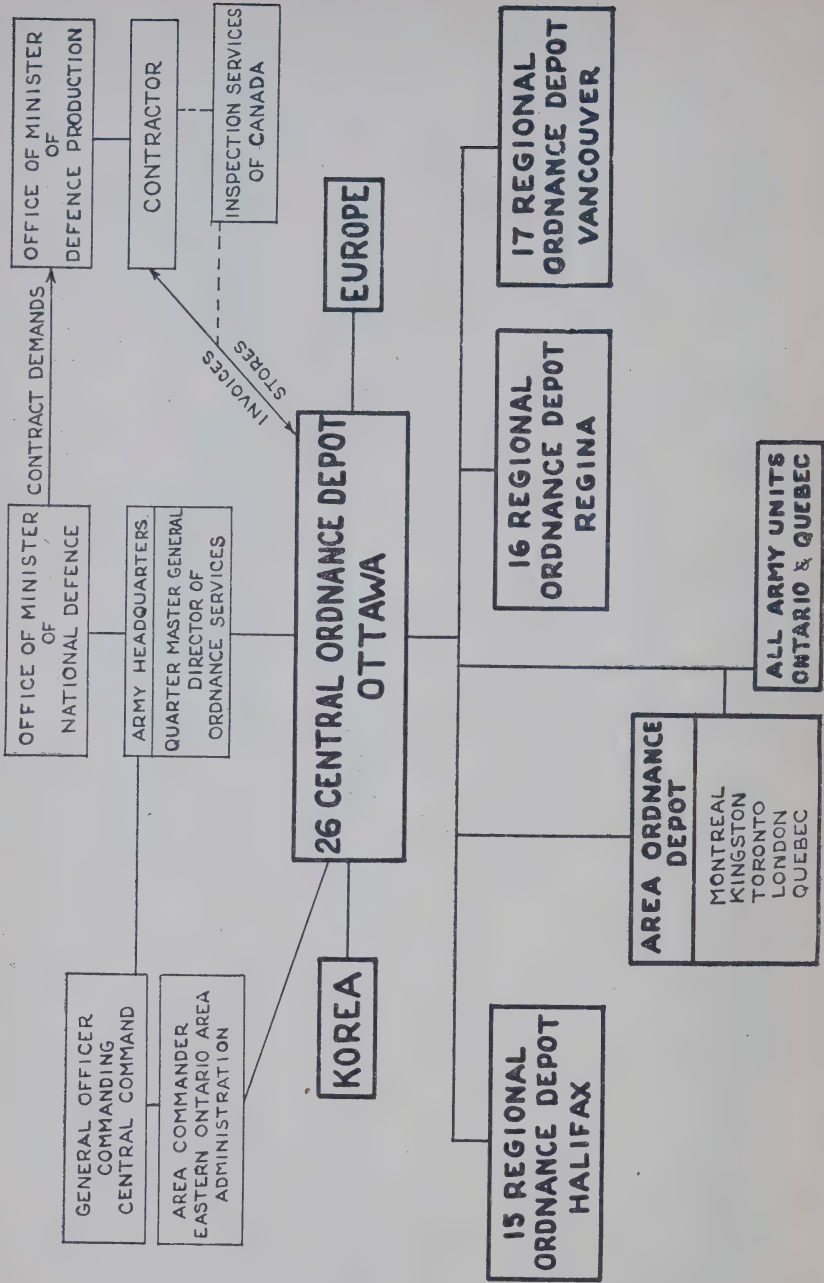
The committee adjourned.

## ORGANIZATION OF 26 CENTRAL ORDNANCE DEPOT



APPENDIX 25

CHAIN OF RESPONSIBILITY FOR SUPPLY AND DISTRIBUTION  
OF CLOTHING AND GENERAL STORES















Canada Defence Expenditure  
House Committee on 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

SPECIAL COMMITTEE

ON

Physical &  
Applied Sci.  
Serials

# DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

THURSDAY, MAY 29, 1952

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),  
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952







## MINUTES OF PROCEEDINGS

THURSDAY, May 29, 1952.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, the Chairman, presided.

*Members present:* Messrs. Adamson, Benidickson, Campney, Churchill, Croll, Dickey, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Macdonnell (*Greenwood*), McIlraith, Stewart (*Winnipeg North*), Stick, Thomas, Weaver. (19)

*In attendance:* Messrs. E. B. Armstrong and W. R. Wright, Department of National Defence.

The Chairman presented the Fifth Report of the Sub-Committee on Agenda as follows:

WEDNESDAY, May 28, 1952.

The Sub-Committee on Agenda met this day at 2.30 o'clock p.m. Mr. David A. Croll in the Chair.

*Present:* Messrs. Applewhaite, Campney, Macdonnell, Stewart and Thomas.

Your Sub-Committee considered the suggested appointment of sub-committees, the presentation of an interim report and future procedure.

Your Sub-Committee recommends that the Committee revert to its original agenda on Tuesday, June 3rd, being consideration of Item No. 2—Armament, but excluding aircraft and ships, as outlined in its First Report adopted on April 22.

Your Sub-Committee recommends that the Committee devote one meeting to the examination of barrack stores and equipment etc., such as kitchen ware and furniture, and deal with questions already put thereon.

Your Sub-Committee recommends that sub-committees be not appointed to visit National Defence installations due to lack of time to do a worthwhile inspection of such military establishments.

Your Sub-Committee is of the opinion that it is too early to present an interim report to the House.

On motion of Mr. Campney, said report was adopted.

The Chairman then tabled the following returns which were marked:  
*Exhibit P*—Estimated cost of implementing the recommendations of Court of Inquiry following fire at 26 COD March 6, 1950.

*Exhibit Q*—The value of column (D) "Surplus Take on Charge" which appears on statement tabled May 8, 1952 titled "Other Write-Offs", 1950-51, and 1951-52, and inserted in Exhibit B.

Mr. E. B. Armstrong was called and his examination on losses due to theft, (Exhibits B. and C., etc.,) was concluded.

Mr. Benidickson questioned the witness briefly on Navy victualling, etc., and referred to Exhibit D—losses, etc. R.C.A.F.

The Chairman expressed the Committee's appreciation to Mr. E. B. Armstrong and the other officials who assisted him.

Mr. E. B. Armstrong was retired.

Mr. Churchill gave notice of two questions relating to quantities of arms and ammunition lost through fires.

At 1.00 o'clock p.m. on motion of Mr. Stick, the Committee adjourned to meet again on Tuesday, June 3rd at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*

## EVIDENCE

MAY 29, 1952  
11:00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. I will read the fifth report of the subcommittee on agenda, which met yesterday: (See Minutes of Proceedings).

Mr. BENIDICKSON: Was that unanimous?

The CHAIRMAN: The report was unanimous.

Will someone move the adoption?

It is moved that the report be adopted.

Carried.

Mr. STICK: On division.

The CHAIRMAN: I have two answers here, one for Mr. Stewart and Mr. Dickey "re estimated cost of implementing the recommendations of court of inquiry following fire at 26 C.O.D. March 6, 1950." That will be marked exhibit P.

Mr. MACDONNELL: Could I interject one thing, Mr. Chairman? Would it be fair to add that while you say it was all unanimous, the report of the steering committee, it was felt that if any individual member here wished to make special arrangements to carry out some further inquiry that could be done.

The CHAIRMAN: I indicated that at the last meeting, Mr. Macdonnell, that if anyone wished to do that, facilities would be made available to them.

There is also another answer to a question asked by Mr. Weaver "re the value of column (D) 'surplus taken on charge' which appears on statements tabled May 8, 1952 titled 'other write-offs', 1950-51, and 1951-52." This answer will be marked exhibit Q. Copies will be distributed in the usual fashion.

Mr. WEAVER: Could I get that figure now?

The CHAIRMAN: It is \$643,193.09.

Gentlemen, if there is anyone who has any views on the agenda committee report there is no reason why they should not state them. We came to that conclusion as indicated in the report and it seemed to fit in with our program.

Now, gentlemen, will you turn to "Canadian Army report on losses by theft, fraud and fire." We will start at page 1, No. 1. I will call them and you just stop me if you want any information on any particular item.

No. 1, 2, 3, 4. On page 2, item No. 5.

Mr. STEWART: Mr. Chairman, on No. 5. This was a break-in and theft by persons unknown? I assume, in the first place, that it was a one-time job, done all at once.

**Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence, called:**

The WITNESS: That is right.

*By Mr. Stewart:*

Q. Was there any indication at all as to how the thieves could get away with that amount of clothing and boots without some form of mechanical trans-



port?—A. This was a break-in during the night, into a reserve force unit. There is no definite indication how they took that volume of stores away, but presumably it would have been by truck.

Q. Was there any surveillance over that at all?—A. There was no caretaker at that unit.

Mr. CAMPNEY: It was a reserve army unit?

The WITNESS: Yes, and this occurred during the night.

*By Mr. Benidickson:*

Q. What would be the average holdings of stores of this type at that unit? Have you any idea?—A.. I will see if that information is available.

Q. I am just thinking that any cost of guarding might be out of proportion to the stores held.

The CHAIRMAN: We will try and get that information for Mr. Benidickson later today.

Items 6, 7, 8.

*By Mr. Harkness:*

Q. Mr. Chairman, on No. 8. How was this loss discovered? Was it as a result of one of these stocktakings or audits or how was it discovered?—A. This loss was discovered as the result of information provided by an employee of the depot.

Q. He reported that theft had taken place or something of that nature?—A. That is right.

Q. What was the nature of the stores? It says, "ordnance stores" but that might mean anything.—A. The stores that were stolen consisted of clothing and boots and blankets.

Q. Have you any information as to how the theft took place?

The CHAIRMAN: Mr. Harkness, will you have a look at the remarks opposite this item. All that information will be before the authorities at the appropriate time as to how the theft took place. Do you think we should give you any more than just the bare details? A prosecution is pending at the present time.

Mr. BENIDICKSON: I think you ought to read the remarks, Mr. Chairman.

The CHAIRMAN: Yes. "Prosecution of 22 civilian employees pending." I think we ought to leave it at that.

*By Mr. Harkness:*

Q. Are these 22 people outside people, any of them?—A. The 22 civilians were temporarily employed to handle the very heavy volume of stores coming into the depot at the time.

Q. If there is anything wrong with giving me any more details on it, I will not press it. I thought perhaps we could get some indication as to how this took place.

Mr. BENIDICKSON: This is a matter which is *sub judice*, but I think we ought to note that the losses have taken place within very recent times.

The CHAIRMAN: The date of loss, February and March, 1952.

Mr. STEWART: I would like to ask a question. How often was there a physical inventory taken at this subdepot? Was it done on a monthly basis?

The WITNESS: No, this is done on the basis that we described earlier, a continuous inventory that is scheduled to cover each section of stores once a year.

Mr. MACDONNELL: What is the staff at Longue Pointe, the total staff, and how many of them are civilians?

The WITNESS: The strength at the depot is 52 military people employed, 23 continuing civilian employees and 276 emergency or casual employees.

Mr. BENDICKSON: Are any of the regular civilian employees involved in this group of 22?

The WITNESS: None of the regular employees are implicated. Only the people that were taken on as casuals.

Mr. MACDONNELL: Nor any military people?

The WITNESS: Nor any military people.

The CHAIRMAN: Item No. 9.

*By Mr. Henderson:*

Q. Mr. Armstrong, in this item No. 9, I presume that this break-in occurred at night. Is that right? I just wanted to ask, Mr. Armstrong, if there are guards there. There is only one road out of this area, I understand. Were guards posted on the gate at that time and was any check of vehicles made in or out?—A. The theft occurred during the night. There is a piquet there consisting of two N.C.O.'s and six men on duty at all times after duty hours. This school is not completely surrounded by a security fence.

Q. What about the roadway? Is there a guard on that at night?—A. There is a guard at every gateway entering the camp and he would be there both day and night. A guard would be there both day and night.

Q. Are vehicles checked going in and out from there?—A. Yes, any vehicle entering the camp would be checked. There is an open area at this camp site. It would be possible to get in or out through that open area without going through the access gate. To provide security there is a mechanized patrol that patrols the camp during after duty hours.

The CHAIRMAN: Is there anything further, Mr. Henderson?

Mr. STICK: Would it be possible for a vehicle to get in and out of that open area you have mentioned?

The WITNESS: Yes, it would be possible for a vehicle to get in or out. There is one N.C.O. who tours the camp with a jeep. He is equipped with a spotlight and his instructions are not to follow any set route. In addition to that there is a dismounted patrol—that is a patrol which is not provided with vehicles—and they are equipped with flashlights and patrol the camp.

The CHAIRMAN: No. 9?

Mr. THOMAS: What is the approximate area of the camp, I was wondering?

The WITNESS: I have not got that here.

The CHAIRMAN: Do you know, Mr. Henderson?

Mr. HENDERSON: No.

The WITNESS: It is a very large camp.

Mr. THOMAS: I was wondering whether the piquet on patrol is large enough to cover the camp?

The WITNESS: There are six men all told on patrol at the camp.

Mr. HENDERSON: I would just like to say that I think it is too huge an area for six men—knowing it personally.

Mr. McILRAITH: Was there a court of inquiry?

The CHAIRMAN: Not yet finalized—police investigation continuing?

The WITNESS: There is a court of inquiry, yes.

Mr. STICK: *Sub judice* again.

The WITNESS: The police inquiry is still continuing but the court of inquiry is, I believe, complete.

Mr. THOMAS: I wonder if you could get me the number of acres in that camp?

The WITNESS: We will have it for you before the meeting is over.

Mr. HUNTER: On No. 9 are rugs army property? I do not recall rugs being an army issue—or are they private property?

The WITNESS: This would be military property—not private property. There are scatter rugs and so on in certain of the barracks.

The CHAIRMAN: No. 9?

Mr. FULTON: I notice you left a certain column blank there and I am not going to enter into a controversy except to repeat what I some time ago asked for—that we should have the date in column (d) filled in. I have attended all meetings but one but has that been supplied?

The CHAIRMAN: Yes, it is on the record. It was supplied—but if it has not been it will be supplied.

Mr. BENIDICKSON: Let us repeat it now. What was it?

Mr. McILRAITH: It is in here.

The CHAIRMAN: I think it is in the record.

Mr. McILRAITH: Could one of the members of the staff turn up the reference?

The CHAIRMAN: No. 10.

Mr. STEWART: Could we have the various dates filled in on column (c) there?

The WITNESS: We did not give the specific dates and, until that investigation is completed, I do not think we could provide accurate information as to precise dates when any loss occurred.

Apparently the date on No. 10 was not tabled. A verbal report was made to the provost marshal at headquarters by the command provost officer at the end of August, 1951.

*By Mr. Fulton:*

Q. A verbal report made to the provost marshal when?—A. To the provost marshal at headquarters from the command provost officer.

Q. The tenth of August?—A. The end of August.

Q. August, 1951?

The CHAIRMAN: Yes.

The WITNESS: That particular theft at the time was not associated with the subsequent steps that are indicated by this estimate of \$50,000.

Mr. BENIDICKSON: Did it involve engineering stores?

The WITNESS: It did involve engineering stores.

Mr. FULTON: I do not want to press this but I think it is within the limits of our request for information—with reference to what you say in column (j), have you had a court of inquiry into any of the losses at the various dates referred to or is that all pending?

The WITNESS: That is all pending. There is no complete court of inquiry on this item as yet.

Mr. ADAMSON: So there is no information as to what steps have been taken regarding these engineer stores—information available at the moment.

The CHAIRMAN: No further information—in addition to what was given by the minister in the House.

Mr. MACDONNELL: A rather odd fellow. He stole clothing and also stole handcuffs so that they would be ready.

The CHAIRMAN: Where is that?



Mr. MACDONNELL: No. 11.

The CHAIRMAN: Let us wait until we get to it.

Mr. BENIDICKSON: It has nothing to do with the item we are discussing.

The CHAIRMAN: No. 11.

No. 12?

Mr. HARKNESS: Where was the 27th Canadian Infantry Brigade when this test took place?

The WITNESS: They have been moved around considerably but I will get you the exact location.

They were overseas at the time.

Mr. HARKNESS: I was wondering whether it was overseas.

Mr. ADAMSON: What do you mean by "attractive stores"?

The WITNESS: "Attractive stores" is the term used in the military services to describe stores that would be readily disposable—

Mr. ADAMSON: Easily sold?

The WITNESS:—on the civilian market. Blankets would be attractive stores.

The CHAIRMAN: No. 13? No. 14?

Mr. HARKNESS: On No. 14 could we have some information as to how this took place? This seems to me to be one of the most remarkable losses we have—\$2,777 stolen by a soldier on pay parade.

The CHAIRMAN: Mr. Harkness, this happened on the first of April this year. The investigation is pending.

Mr. McILRAITH: It happened in Japan.

Mr. HARKNESS: Even though it happened recently surely we could be given some details as to how it happened?

The WITNESS: We have not got complete details on this but what happened is that this man was on pay parade and he took a pile of notes that were there for the paymaster to pay the troops and ran—and got away with it.

Mr. STEWART: Has the man gone native?

The WITNESS: He has not been apprehended as yet.

The CHAIRMAN: He got lost.

Mr. ADAMSON: This took place on an active pay parade in Japan.

The WITNESS: That is right. I do not know whether he is still in Japan but we have not found him as yet.

Mr. JAMES: Do you know who the soldier is?

The WITNESS: We know who the soldier is, yes.

Mr. STICK: You should, anyway.

Mr. McILRAITH: There is no loss to the Crown on this—it is covered by bond?

The WITNESS: Yes, all paymasters are bonded.

Mr. McILRAITH: There is no loss to the Crown.

Mr. STEWART: I do not want to know the name of this soldier, but is he still in the forces and what has happened to his pay and allowances?

Mr. HARKNESS: He got them.

The CHAIRMAN: Including his gratuity.

The WITNESS: He is struck off as a deserter. Of course he was not paid and would not be eligible for gratuity.

The CHAIRMAN: No. 15.

Mr. MACDONNELL: It is an awfully funny incident but it seems to show extreme laxity.

The CHAIRMAN: A lot of funny things have happened in Japan and Korea.

Mr. BENIDICKSON: Somebody stole a million dollars in Boston from the Brinks people.

Mr. MACDONNELL: Not on pay parade.

Mr. CHURCHILL: Have there been any other instances of moneys being stolen on pay parade in recent years?

The WITNESS: This is the only instance in these two years. There undoubtedly have been other cases when this has happened—but it has not happened very frequently.

Mr. CHURCHILL: Are you sure it has happened before?

Mr. HARKNESS: I have never heard of such a thing before.

The WITNESS: My military advisers tell me they have never heard of a case before but it ran in my mind that there was one case during the war. I may be wrong.

Mr. FULTON: May I ask whether this money or notes was Canadian dollars or occupation yen or what?

The WITNESS: They were yen that were stolen.

The CHAIRMAN: No. 16.

Mr. HARKNESS: In connection with No. 16 when we first started this thing I drew attention to this particular item and asked at the time about the court martial. I wonder if we could have the findings of that court martial.

The WITNESS: I have the court of inquiry here.

Mr. HARKNESS: Then could we have the findings of the court of inquiry?

The CHAIRMAN: Are they quite long?

The WITNESS: They are quite long.

Mr. McILRAITH: Let us hear them.

The CHAIRMAN: Then let us have the findings.

The WITNESS: The findings of the court are:

1. In September, 1950, the area engineer officer, Eastern Quebec area, gave verbal instructions to the Acting Camp Engineer Officer, at Valcartier Camp, W.O. Smith, to cut logs during the winter, to be used as sills or supports for the maintenance of the huts at that Camp.
2. When these instructions were given by the Area Engineer Officer, no specifications whatsoever were given by him as to the quantity, the sizes, and the quality of the timber to be cut. Smith did not take any immediate action upon receiving his instructions from the Area Engineer Officer.
3. The evidence reveals that it was a regular procedure for the Engineers to contact Mr. R. G. Ray, the District Forest Officer, in charge of the Valcartier Forest Experimental Station, before any timber could be cut in that area. Contrary to this procedure, no contact was made by the engineers with Mr. Ray in this case.
4. The evidence reveals that Smith was in friendly relations with a Mr. George Murphy, from Valcartier Village, who at that time was working for the Royal Canadian Engineers, under the authority of Smith.
5. In September, 1950, Murphy went to Valley Junction, P.Q., and interviewed Mr. Wilfrid Cliche in the endeavour to obtain a permit to cut timber in Valcartier area, through Mr. Wilfrid Cliche.

6. On the 5th of October 1950, a timber permit was issued to Mr. Wilfrid Cliche by Mr. R. G. Ray, authorizing Mr. Cliche to cut and remove, under the supervision of a forest officer, a certain quantity of lumber from Hart Hill.
7. On the 28th of October 1950, Mr. Wilfrid Cliche sold his timber rights to Mr. George Murphy.
8. When Mr. George Murphy bought Mr. Cliche's rights, he had no money to finance his operations nor any contracts to sell his timber.
9. At the end of October 1950, a verbal agreement was reached between Smith and Murphy to have personnel employed by the Royal Canadian Engineers cut timber in the area allotted by Mr. R. G. Ray to Mr. Wilfrid Cliche.
10. At the beginning of November 1950, Smith detailed Messrs. Henri Lemelin, Michel Cardinal, and two Messrs. Joseph Martel, employed by the Royal Canadian Engineers, at Valcartier Camp, to cut timber at Hart Hill, in the exact area allotted to Mr. Wilfrid Cliche.
11. The evidence definitely reveals that Mr. George Murphy started his operations with the Royal Canadian Engineers employees detailed by Smith, as mentioned above, and when these Royal Canadian Engineers employees were withdrawn towards the end of January, Murphy ceased his operations shortly afterwards.
12. Two or three weeks after Murphy had started his operations with the Royal Canadian Engineers' personnel, he hired some individuals to assist him for lighter operations, and his men and the RCE personnel were at all times working together in a combined operation, under the direction and supervision of both Smith and Murphy, in such a manner that during the whole operations neither Smith nor Murphy could identify the quantity of timber cut by either parties.
13. The personnel detailed by Smith were selected for this particular work because of their great experience as bushmen, whilst the two younger men hired by Murphy to work with them were labourers with little experience in bush work.
14. In December 1950, Mr. Cliche visited the location in order to find out if Murphy was observing the by-laws and conditions mentioned in his permit. Finding that Murphy had no money to finance his operations, Mr. Cliche cancelled the sale made on the 28th of October, 1950, and decided to operate in partnership with Murphy.
15. It was then agreed that Mr. Wilfrid Cliche would finance the operations and that Mr. George Murphy would direct the cutting, each sharing the benefits on a fifty-fifty basis. Pursuant to that verbal agreement, Mr. Wilfrid Cliche advanced money to Murphy to the amount of \$3,316.
16. At the same time, Cliche gave instructions to Murphy to have all the timber cut there scaled by a licensed scaler.
17. Neither Murphy nor Smith notified Cliche that a portion of that timber had been cut by the RCE personnel and belonged to the government. It is the opinion of the court that Smith's silence on this particular fact is a very serious derogation to his duties, moreover when it is established that he knew that Cliche was the owner of the permit to cut in this area and that he was financing Murphy's operations.
18. All the timber cut either by Murphy or the RCE personnel in that area was sealed by Mr. André Audette, in the name of Mr. Wilfrid Cliche, under Murphy's supervision. It was also scaled by Mr. Ross,



for the Forestry Department in the name of Mr. Cliche in order to establish the amount of stumpage to be paid on his permit and allow him to take possession of his timber and dispose of it as he sees fit.

19. The dates and quantities, scaled by Mr. Andre Audette, are as follows:
  - 3 January 1951—16,150 board feet soft wood.
  - 5 January 1951—12,708 board feet soft wood.
  - 12 January 1951— 5,648 board feet soft wood.
  - 26 January 1951— 6,903 board feet hard wood (cut by Mr. Fiset).
  - 26 January 1951— 8,126 board feet hard wood (cut by RCE personnel).

The dates and quantities of timber, scaled by Mr. Ross, are as follows:

- 21 November 1950—1230 cf.—6,150 board feet soft wood.
- 6 December 1950—2035 cf.—10,175 board feet soft wood.
- 28 March 1951—495 cf.—2,470 board feet hard wood.
- 12 April 1951—401 cf.—2,005 board feet soft wood.
- 12 April 1951—3734 cf.—18,670 board feet hard wood.
- 26 April 1951—443 cf.—2,215 board feet soft wood.
- 26 April 1951—1725 cf.—8,625 board feet soft wood.
- 26 April 1951—729 cf.—3,645 board feet soft wood.

The 5,648 board feet of soft wood scaled by Mr. Andre Audette on the 12th of January 1951 were cut entirely by Mr. George Murphy and his two men.

All the remainder of the soft wood scaled by Mr. André Audette was cut by the three RCE personnel, with the help of the two young men hired by Mr. George Murphy who were limbing the trees.

The 8,126 board feet of hard wood scaled by Mr. André Audette, on the 26th of January 1951, were cut by the two Martel and Cardinal, RCE personnel.

The facts mentioned in sub-para "C" above were controlled by the court who had this timber identified by the scalers and the cutters, on the site.

20. At the end of January, 1951, Cliche sold to Mr. Henri Charles Leduc, lumber dealer of Valcartier Village, 9,162 board feet of soft wood, which wood was a portion of the timber scaled by Mr. André Audette on the 3rd of January, 1951. This timber was piled near the Ski-tow, where the RCE personnel started their operations, and as they were cutting alone there during a period of approximately three weeks, it is the opinion of the court that the timber sold to Mr. Leduc's saw-mill was cut by RCE personnel. It must be noted that the reason why this timber was sold is because Smith gave instructions to Murphy to clear that area for winter training. Therefore, it is also the opinion of the court that Smith knew about the sale and also that the engineers had cut the wood.
21. The evidence reveals that Murphy was paid by the RCE whilst he was working for himself at Hart Hill, during November and December 1950.
22. From the evidence given by L/Cpl Desmoreaux, who swears that he did not know anything about the operations at Hart Hill, though he was the foreman of foremen, also the evidence of Mr. Henri Lemelin and Mr. Ludger Bilodeau who swear that they were instructed by Smith not to talk about these operations, the court can draw a conclusion that some kind of secret agreement regarding these operations had been reached between Smith and Murphy.

23. All the facts adduced in the evidence show clearly that Smith and Murphy were operating at Hart Hill on a partnership basis, and that Smith in the final settlement took the interests of his partner rather than those of the Department of National Defence.
24. The evidence reveals also that when this final settlement was made between Smith and Murphy an investigation was initiated in this matter by Lt. Col. Taschereau, and though in the report of this investigation received by Smith it was evident that the facts mentioned in this report were not the true facts as known by him, Smith did not make any attempt to correct same, and it was at that time, and at that time only, that the engineers decided to make an attempt to separate their timbers from those owned by Cliche.
25. It is the opinion of the court that in his testimony the area engineer officer did not give his full co-operation to the court and treated this matter very lightly. His total indifference towards the report made by Lt. Col. Taschereau, on the 31st of January 1951, on misuse of RCE personnel, shows a lack of proper and efficient supervision—

Mr. FULTON: I appreciate the fact that the witness has been speaking for quite a long time and has to do so for another hour but would he mind if I asked that he speak louder.

The CHAIRMAN: I keep telling him that constantly, but he is doing very well.

The WITNESS: Recommendations.

Disciplinary action should be taken against Smith under Section 40 of the Army Act, conduct to the prejudice of good order and military discipline for having allowed, whilst acting as Camp Engineer Officer at Valcartier Camp, some of his personnel to work for the benefit of a civilian; an alternative charge of neglect should also be brought against Smith for having so neglectfully fulfilled his duties as Acting Camp Engineer Officer, as to be unable to account for the work done by his personnel at Hart Hill, during the months of November, December 1950, and January 1951.

Though it is agreed that the work done by the Area Engineer Officer, Eastern Quebec Area, was generally good and satisfactory and that he was working with a short staff, it is not understood why, when his attention was drawn to the fact that the Area Commander had initiated an investigation on misuse of RCE personnel at Valcartier Camp, he did not take any action to verify personally the accuracy of the report made by Lt. Col. Taschereau, on 31st January 1951. Had he done so, the real truth would have been discovered and the work and expenses incurred by this court of inquiry would have been avoided.

Mr. George Murphy who was employed by the RCE be dismissed, and that his case be referred to the proper civilian authorities for disposal.

The CHAIRMAN: Now just tell us what happened—not the information, just what happened?

The WITNESS: Smith was tried by a general court martial on the 9th, 10th, 11th, 12th, 13th, and 14th of July, 1951 on two charges: First, neglect to the prejudice of good order and military discipline, and second, conduct to the prejudice of good order and military discipline.

He pleaded not guilty to both charges and was found not guilty on the first charge but guilty of the second charge.

He was sentenced to be severely reprimanded.

The CHAIRMAN: Is there anything further? Was Murphy charged?

The WITNESS: Additionally, Smith was ordered to forfeit pay and allowances for 56 days being the period from 4 May 1951 to 9 July 1951. Smith also was being considered for a commission just prior to this after eighteen and a half years' service, and of course that ended his opportunity of promotion.

Mr. HARKNESS: Was any action taken in the civilian courts against Murphy as recommended by the court?

The WITNESS: The court recommended that he be dismissed and he was; but there was insufficient evidence to proceed against him in the civil courts.

Mr. HARKNESS: Is there any estimate at all of the value of this timber loss by the department, or what was loss to the department in men's time and so forth?

The WITNESS: There was no way really of determining the precise loss. It was a question of how much of the time of engineer personnel was devoted to cutting timber sold to somebody else or by somebody else. It has not been possible to determine what that loss was.

Mr. HENDERSON: Where was Smith transferred after this?

The WITNESS: He has been transferred to Western Ontario Area in a subordinate position.

Mr. STICK: Is there any timber there?

Mr. HENDERSON: What position does he cover off there?

The WITNESS: I have not got the exact position but it is a position in which there is no possibility of his doing further damage of this kind.

Mr. FULTON: May I ask whether the engineer officer referred to there from time to time throughout the report which Mr. Armstrong has read is the same as Smith. Smith was referred to once or twice as acting engineer officer, and then you referred quite frequently to the engineer officer.

Mr. HARKNESS: I think that was the area engineer officer.

The WITNESS: The engineer officer you are speaking of I think is the area engineer officer. Smith was acting engineer officer at Valcartier camp. The engineer officer referred to in the findings of the court was transferred to Toronto in a subordinate position—where he is under strict supervision.

Mr. MACDONNELL: He was not charged in any way?

The WITNESS: He was not charged. There was no evidence on which he could be charged.

Mr. HARKNESS: The whole thing seems a very tangled situation.

Mr. FULTON: I thought the court reported in one passage there that the engineer had been lax in not taking up immediately or following up immediately the report made by Colonel Taschereau?

The WITNESS: Yes, they did report that in the opinion of the court the area engineer officer did not give his full co-operation.

Mr. MACDONNELL: Is that not prejudicial to good order and military discipline?

The CHAIRMAN: Did the recommendations contain anything with respect to the other officer?

The WITNESS: Yes. "... a good satisfactory officer who was working with a short staff."

Mr. FULTON: They felt it was an extenuating circumstance and therefore no disciplinary action was taken beyond what you have indicated?

The WITNESS: That is right.

Mr. FULTON: Is there any evidence in the court of inquiry or the court martial that would indicate Smith made a financial profit himself?



The WITNESS: There was no finding that Smith made a profit.

Mr. HARKNESS: There is a strong presumption.

The WITNESS: Certainly there might be some suspicion of it.

*By Mr. Fulton:*

Q. I was wondering whether the charges against him and the evidence under the two charges related purely to conduct in the sense of laxness and using military personnel on civilian jobs, or whether evidence was brought that the conduct consisted of making a personal profit out of something that he was doing for the army?—A. The charges against Smith were laid after the proceedings had been reviewed by the J.A.G. There was no evidence to charge Smith on the basis of his having made a profit out of this operation. The actual charges related to his conduct.

Q. Purely with reference to misuse of personnel?—A. Yes.

*By Mr. Hunter:*

Q. Were any demotion proceedings taken? Does this man Smith still retain his warrant rank?—A. He still retains his warrant rank.

Q. Was there any consideration given to demotion?—A. The court sentenced him to a reprimand and any further action to demote him would have involved a dual punishment. He was tried by court martial and the sentence imposed was reprimand.

As I said before, he was about to be commissioned prior to this and, in effect and in essence, this is a demotion.

Mr. STICK: Who comprised the court of inquiry?

The WITNESS: The court of inquiry consisted of: President, Lt. Col. A. Miller. He is the command RCEME, Quebec Command. The members were: Major P. E. Jellie, Staff Headquarters, Quebec; Captain R. Dion, Staff Headquarters, Quebec; Lt. K. Berry, No. 5 Works Co., RCE.

Mr. STICK: What about the court martial? Who comprised that?

The WITNESS: The President was Colonel Lockhart but I have not the names of the members. We will get them for you.

Mr. FULTON: Did I understand you to say there was in fact a financial recovery from Smith by virtue of stoppage of pay?

The WITNESS: The stoppage in pay against Smith of 56 days was because he was not employed whilst awaiting trial. The 56 days were days on which he performed no work.

Mr. HARKNESS: He was under arrest—either open or close arrest during that period.

Mr. ADAMSON: What was the number of feet. You mentioned several thousands—

The WITNESS: Those were the figures in the court of inquiry and they are not totalled. I will have them totalled and give you the information.

Mr. MACDONNELL: In these forestry operations, which seem to be extensive, is it not reasonable to suppose that several people must have known whether the thing was on the level or not? Is it supposed that he was the only one involved? It is hard for me to think that, but can we assume that the decision reached by the authorities was that the only person guilty of any wrongdoing was this man Smith—that he was the only military person guilty of wrongdoing?

The WITNESS: The court of inquiry investigated all the circumstances and I have read you their findings. Smith was the only military officer involved in it. In addition there was Murphy who was a civilian employee.

The CHAIRMAN: No. 17?

Mr. STEWART: In connection with No. 17—

Mr. ADAMSON: I understand the total number of board feet is now available.

The WITNESS: The figure is 50,424.

Mr. HARKNESS: In one list there was 36,000 or 37,000 and in another—

The CHAIRMAN: Just a moment.

Mr. HARKNESS: There was about 86,000 feet altogether.

The CHAIRMAN: It is all on the record and you can make your own additions but we will try to get the figure in a moment.

Mr. STEWART: In No. 18 it says there was no negligence by unit personnel. Was there any reason for stating that?

Mr. THOMAS: That is on 18.

The CHAIRMAN: We will take 17 and 18 together.

The WITNESS: I do not think it has any particular significance.

Mr. STEWART: You notice, for instance, that 18 and 19 state quite precisely there was no negligence on the part of unit personnel but those remarks are not made by the investigating authorities under "other thefts" and I just wonder if there is any significance to that.

The WITNESS: I do not think there is any significance to that in these other cases. You can assume there is no negligence also—whether it is stated or not—so long as there is not the positive statement that action was taken against a military man.

The CHAIRMAN: Nos. 17, 18, 19, 20, 21 and 22.

Mr. CHURCHILL: I would like to ask a question. Where it mentions small arms and ammunition can you inform us of the number of rounds and the sizes?

The CHAIRMAN: Gentlemen, you must wait a moment before you ask another question when they are trying to give you immediate answers.

Item 20. No. 37 Ordnance Ammunition Depot, Kamloops.

The WITNESS: The question was how much ammunition was stolen and the type. There were two cartons, one containing 1,000 rounds of S.A. cartridges, ball, 30.30; and 1,500 rounds of cartridges, ball, .30", M.II.

Mr. STICK: On No. 20 in column (h) you say "thefts from stores by persons unknown." Then in your remarks you say "theft presumed". Why do you think it is theft, or otherwise? You presume it was theft in one column but say it was theft in the other. Have you anything to add on that?

The WITNESS: The police investigation was inconclusive but the circumstances of the disappearance indicated it was theft. That is why we included it here.

Mr. CHURCHILL: We are still on item 20?

The CHAIRMAN: Yes.

Mr. CHURCHILL: Were any clips for use on Bren guns stolen in that—or magazines?

The WITNESS: The figures I gave you covered the complete theft.

The CHAIRMAN: Items 21, 22, 23, and 24. Any questions?

Then, we are at losses due to fire, Canadian Army 1951-52. Is there anything in Eastern Command? Quebec Command?

Mr. FULTON: Those three at Valcartier camp, Nos. 5, 6, and 7, occurred quite close together—two of them at least and then another after five months. I wonder if Mr. Armstrong could tell us what steps have been taken to increase the fire precautions at that camp. There is quite a heavy loss there.

The CHAIRMAN: Please give the witness a chance?

The WITNESS: Could I take notice of that and I will endeavour to get an answer. I have not got the detail now.

Mr. STEWART: Apparently advance notice is given where inventories are going to be taken. Did that advance notice of the time of inventory have any significance in connection with the dates of the fires?

The WITNESS: The advance notice of when inventories will be taken is in relation to the main supply depots such as the one you were at the other day. In this case, at units, the quartermaster is expected to take inventory of his stores monthly. It is a different procedure from that for the main depot.

The CHAIRMAN: Central Command?

Mr. HENDERSON: On No. 19—

The CHAIRMAN: Barriefield.

*By Mr. Henderson:*

Q. What type of stores were there? Have you a list of them? It says "engineer stores" and I wonder what they consist of?—A. They were engineer stores but I have not got a detailed list of them here. They could be described generally as building materials, tools, and equipment.

Q. I wonder if you would get a list of those?

Mr. FULTON: I think on No. 11, Central Command, the committee should note that there was a fire loss of \$175,000, including ordnance stores of \$100,000 at Petawawa camp. While we are not permitted to make any further investigation into that at the moment, I think the committee should note there is a very possible cover up of some of the thefts that have taken place.

The CHAIRMAN: I think you were quite right in drawing our attention to the matter except that your observation at the end may be very far off the mark.

Mr. FULTON: Facts speak for themselves.

The CHAIRMAN: Yes—but there are no facts here.

Mr. DICKEY: One fact speaks for itself. This list was for ordnance stores and the matter of thefts to which Mr. Fulton referred covered engineer stores.

The CHAIRMAN: Let us stop guessing.

Item No. 20.

Mr. THOMAS: Have you any idea of the amounts of stores in that item?

The WITNESS: The amount is to be established by the board that is investigating and we have not got that yet.

Mr. ADAMSON: The losses at Petawawa were not confined to engineers' stores, were they? There were other stores?

The WITNESS: I do not think I can answer that. I am not just sure what the losses were or what stores were involved. I have not seen the details yet.

Mr. HUNTER: I wonder if we could know what this "heating lamp" was?

The CHAIRMAN: What is a heating lamp in army parlance?

The WITNESS: This is an electric lamp—infra-red, for heating purposes.

Mr. STEWART: In connection with item 20, how are stores records kept? I would be inclined to think there are ledger cards for various stores in the hut and the total amount of stores could be ascertained quite readily by checking the ledger cards. That would give you at least the paper value of the stores which were in the hut?

The WITNESS: This hut described here is a medical inspection room. There were two types of stores there—permanent equipment on the inventory chart that could be readily determined; but in addition there would be other stores



which had been issued to the unit for consumption purposes. The actual quantity on hand would not be determinable by reference to an accounting record.

Mr. STEWART: It was one of these places of final consumption?

The WITNESS: That is right.

Mr. FULTON: On No. 18 there is a loss of \$285,200—

The CHAIRMAN: No. 19?

Mr. FULTON: I beg your pardon, 19. The loss was caused by fire due to a defective chimney and the remark is that other places of this type have been checked for the same defect.

Have you any information now as to what that checking process revealed? Was it a defect that was common to all buildings of that type or was it found to apply to just this one building?

The WITNESS: There were four defective buildings found as a result of the check, and they have been corrected.

Mr. STEWART: Have we any note as to how old this building was?

The CHAIRMAN: At Barriefield, No. 19?

Mr. STEWART: Yes.

The WITNESS: The building was built in 1939.

Mr. THOMAS: What type of construction?

The WITNESS: Frame construction.

Mr. FULTON: The check is completed is it—the check of these buildings?

The WITNESS: The check has been completed.

Mr. ADAMSON: I had some information given to me about this, and these were summer buildings. The type of construction of all huts would have to be changed to avoid this danger?

The WITNESS: This is a drill hall type of building and certainly not all buildings are of this type. A check was made of those where a similar defect might possibly be found and there were four that were found to have this type of defect—and they have been corrected.

Mr. ADAMSON: It had something to do with the construction and the actual brick work of the chimney, I understand?

The WITNESS: This apparently was faulty design in the chimney itself.

*By Mr. Fulton:*

Q. Can anything be done with respect to establishing liability on the part of the contractor? Was it a design produced by civilian firms or by the department?—A. I am told that the building was designed by outside architects and built under contract. This was built in 1939, I believe I said, and apparently there was no possibility of making a claim against the contractor or the designer.

Q. Well, Mr. Armstrong, just on that point, I appreciate that it would be very difficult, but I would be glad to know if you can assure us it was actually considered or whether you, if I may say so, are just expressing an opinion now?—A. I will have it checked.

The CHAIRMAN: Prairie Command, items 22, 23, and 24.

Mr. FULTON: On item 22 may I ask Mr. Armstrong whether the board has been received yet? Apparently it was returned with a note regarding further liability. Has it since been returned to headquarters or is it still out there?

The WITNESS: It has not been received back at headquarters. They are still seeking additional information on it.

Mr. THOMAS: On item 23 do we have any estimate of the stores involved?

The WITNESS: There are no stores involved.

Mr. THOMAS: Just boiler room damage?

The WITNESS: It was in a building and the only damage was to the boiler room.

*By Mr. Churchill:*

Q. Just a general question on stores. When it is indicated that stores have been lost up to a certain value, would it be possible to determine whether or not there have been losses not due to fire in weapons, or are there any weapon losses concerned in the items indicated here?—A. There may have been weapon losses in some of these fire losses. It is possible to determine and we do determine the nature of the stores lost. The details are not described here.

Q. In the various investigations were instances found where the weapon count in these store buildings was not complete—that is was there any indication that weapons had been stolen from any of these buildings in which fire subsequently occurred?—A. None that I know of. There was no indication that any of these fires might have been related in any way to thefts that had taken place earlier.

Q. What I am getting at is this. The indication here is that there was a complete loss of stores up to a certain figure, but when you are dealing with weapons, the weapons would only be partially destroyed and in that way you could easily find out if there had been any losses prior to the fires.—A. That may be possible, of course. The salvage would be gone over. As far as the accounting record of the weapons is concerned, they are all serially numbered and recorded on individual cards. There is a complete record of weapons and where they are located. If there was sufficient debris left from the fire that could be identified, that would be done.

The CHAIRMAN: Items No. 20 to 28, prairie command and western command.

*By Mr. Fulton:*

Q. Under item No. 25. The findings of the investigating authority say that the cause is unknown and the building unoccupied at time of fire, and the remarks there say: "Command directed to ensure unoccupied buildings are secure." Could you tell me what you mean by the use of the word "secure" there with respect to the fire?—A. This has reference to ensuring that the unoccupied buildings are locked up.

Q. Was it probable, then, that this fire was started by someone going in there and perhaps staying overnight and leaving the next morning, and perhaps smoking? What is the significance of that?—A. This building was unlocked and there was some suspicion that children had been in it and that that was possibly the source of the fire.

Q. The building was unoccupied at the time of the fire and I am led to understand from these remarks that the command is now being directed to lock them up. What was the position at the time of the fire? Surely we are not to suppose it was perfectly all right to leave them unlocked. What I am getting at is, was any action taken against the person who left the building unlocked and unoccupied?—A. I understand that one of the persons employed there—this is a radio station, as you know, and this was a radio room—was working in the evening in the building and when she left she had locked the radio room but left the outside door open.

*By Mr. Henderson:*

Q. May I make a comment? I notice on No. 27 that the date the loss occurred was on the 30th November, 1951, and the date reported to National Defence headquarters December 2, 1951, and the board proceedings have not

yet been received. Also item No. 15, where the date the loss occurred was August 28, 1951 and reported to National Defence headquarters on the same date, and in that case, too, the board proceedings are not yet received. Possibly these inquiries could be hastened. They appear to be very slow. Could we find out what they did about this? No. 15, for instance, took place about nine months ago.—A. In the case of the one in August, No. 15, the board was received but returned for further evidence and it has not yet come back.

Q. And No. 27. That is some six months ago.—A. I do not know whether that is the case with No. 27. There may be some delay there on account of the location, but I will find out if the board has been received and sent back.

Mr. THOMAS: On No. 28. The building there is listed as of nil value. Is that just a storage shed out in the open or what is it?

The WITNESS: It was merely a shelter, the sort of thing you saw at No. 26 C.O.D. where we get some coverage to cover the stores.

The CHAIRMAN: Eastern command.

Quebec command.

*By Mr. Harkness:*

Q. In connection with Quebec command, I have just been counting up the fires in that command and there are three more fires at Valcartier and five before, that is eight fires in the last two years at Valcartier, aggregating a considerable loss when you add them all up. It would seem to me that must indicate either carelessness or inefficiency in the fire prevention measures at Valcartier. It is a large number of fires in two years.—A. I think you should bear in mind in connection with Valcartier that this is a very large camp and also an old camp with temporary wooden frame buildings, old wooden frame buildings located there.

Q. Have there been any particular measures taken in the way of fire prevention at Valcartier as a result of these numerous fires?—A. There are continuous measures taken in respect to fire prevention. If the court of inquiry reports that there is any measure that properly ought to be taken, it is taken. Now, as to the specific case of Valcartier, I have not got them here in detail.

Mr. HUNTER: I am wondering about the value of these buildings. Is that replacement value or is that figure calculated?

The WITNESS: The value of the buildings is calculated. If the building is not totally destroyed, it is carried at the cost to repair it; if it is totally destroyed, it is the original cost less depreciation.

Mr. HARKNESS: On this matter of the number of fires at Valcartier, I can understand a fire breaking out here, there or the other place maybe from any cause, but when you have such a large number I would think that that would call for what you might call special measures to be taken.

The WITNESS: There were special measures taken at Valcartier. The general officer commanding Quebec command sent a special team down there to investigate and make recommendations with respect to fire prevention measures. That report has been received. I have not got the recommendation with me, but I can obtain it.

Mr. WEAVER: How many buildings are there at Valcartier altogether?

The WITNESS: I will see if that information is available. We have not got the exact number, but I am told there are somewhere between 400 and 500 individual buildings at Valcartier.

The CHAIRMAN: Central command, items 37 to 41.

*By Mr. Harkness:*

Q. Items 38 and 39, Mr. Chairman. These two fires at Petawawa are suspected arson in both cases, and in the remarks it is noted: "Investigation by



R.C.M.P. and provincial police inconclusive." Is there any investigation of these fires still going on or is this all washed up now?—A. This investigation is still proceeding. It has not been dropped as yet, but so far there has been no conclusive evidence produced.

Q. What were the reasons why arson was suspected?

The CHAIRMAN: Well, now—

Mr. HARKNESS: I think that is a perfectly proper question.

The CHAIRMAN: All right. Let us have it.

The WITNESS: Well, our source of information is the Royal Canadian Mounted Police, who are investigating. They have suspected arson. I could not tell you the specific reasons why they suspect it.

Mr. HARKNESS: You have no details on that?

The WITNESS: No.

Mr. FULTON: Is this now one of the subjects or matters that is under the general inquiry now proceeding?

The WITNESS: There is no relationship whatever. That can be determined at the moment, but it is, of course, possible that one may be established.

Mr. BENEDICKSON: What do you mean, some kind of a criminal prosecution?

Mr. FULTON: There are three inquiries going on, the R.C.M.P., Mr. Currie's and the provost corps of the department. I am wondering whether any one or all three of these inquiries includes these two fires which were suspected to be due to arson?

The WITNESS: Well, this investigation, of course, is being conducted by both the provost and the R.C.M.P.

The CHAIRMAN: I think it is obvious that this investigation has nothing to do with the investigations that are now going on. This has been going on since 1950.

Mr. FULTON: Then, if that is the case I think we can ask questions about this one. I should like to know what was the result of the suspicion of arson, with respect to increasing at that time the security measures at Petawawa Camp, and whether arson was suspected, or suspected to be an attempt to conceal theft of stores.

The WITNESS: I will have to take notice of those questions. We have not got that detail here.

The CHAIRMAN: Prairie command, items 42 to 45.

Mr. THOMAS: On item No. 43, the armoury at Grenfell, Saskatchewan, that fire is attributed to a faulty chimney. Would that chimney be of the same type of chimney construction as that at Barriefield?

The WITNESS: This is not the same type of chimney, no.

The CHAIRMAN: Western command, items 46 to 51.

*By Mr. Fulton:*

Q. On No. 44. All those cases where it has been found that the fire was caused or thought to be caused by careless smoking, could Mr. Armstrong tell us in general what the position is with respect to punishing those who are guilty of careless smoking, and also what the position is with respect to preventing this happening?—A. The fire orders are that in those areas, such as the quartermaster's stores, there will be no smoking. If a member of the force disobeys those orders and smokes, he is charged. He would normally be tried on the first offence summarily and the punishment would be awarded by the command officer. In most cases it would involve a loss of pay. However, if persistent, then more drastic action would be taken. In the case of civilian employees, if this occurs more than once they are normally discharged.

Q. I appreciate that loss of pay is one of the most effective punishments that can be given.

Mr. STICK: It should be loss of smokes.

Mr. FULTON: I want to ask Mr. Armstrong whether consideration has been given in the department to the issue, of a directive to a commanding officer, that the punishment where smoking takes place in prohibited areas should be as severe as possible. We have had a fairly large number of losses due to careless smoking reported here.

The WITNESS: As far as I am aware, there have been no specific directives to commanding officers with respect to punishment that they would be expected to mete out for this reason. There may be some and I will have it checked to be sure whether or not there have been any directives.

Q. What is the feeling about this in the department, Mr. Armstrong? Do the losses which occur from careless smoking cause any undue concern?—

A. The losses due to careless smoking are regarded most seriously and every effort is made to discourage people from smoking in these areas. As I say, in the case of civilian employees, their employment would not be countenanced if they disobeyed these instructions. In the case of a military man, he would be punished and, of course, it would depend on the number of offences he committed how serious the penalty might be, but a very serious view is taken of smoking in any of these areas.

Q. What I am getting at is, and I think it is a fair question—what I want to know from you is whether the department feels that the losses as reported due to careless smoking indicate that the measures taken are satisfactory and sufficient, or whether there has been a feeling in the last year, shall we say, or in some comparable period of time, that this has been getting serious and we have to do something about it?—A. Measures taken, as I say, are most stringent. There is no indication that this is more serious than it has been in the past. In an operation of this kind there are almost invariably going to be some cases where people will smoke where they should not smoke. Those cases are dealt with severely.

Q. You feel that you have got the losses due to that cause down to as exact a minimum as can be expected under all the circumstances? Is that what you are saying?—A. That would be my view. We are endeavouring constantly to reduce them below what they are, but we do not regard them as being extraordinary or excessive in the sense that sufficient measures have not been taken to reduce smoking in these areas.

Q. Is it the experience of the department that there are, however, occasionally sentences which are lighter than they should be in view of the seriousness of the offence? Have you had to review the situation in that regard?—A. That is not the experience.

The CHAIRMAN: Western Command—that completes the fires—we are now at write-offs. No. 1, Mr. Weaver?

Mr. WEAVER: Mr. Chairman, on this listing, showing the total losses—losses due to fraud, losses due to theft, losses due to fires, losses due to other, write-offs, the figure has been given of \$504,711.44. That figure has had wide publicity both in the press and in the House of Commons—

Mr. BENIDICKSON: And in the by-elections.

The CHAIRMAN: Gentlemen, gentlemen.

Mr. WEAVER: Now, these are total losses due to miscellaneous and the application has been largely to blow up the theft and fraud part of it. Now, on the question which was answered this morning by Mr. Armstrong, no account had been taken before of the amount taken on charge and this is given as amounting to \$643,193.09.

Mr. BENIDICKSON: These were overages of stock-taking?

Mr. WEAVER: That is right. I am dealing particularly with the item of "other write-offs \$2,212,931."

Mr. FULTON: Where is this found?

Mr. WEAVER: It is the third one in the top column of other write-offs.

The CHAIRMAN: That was filed, yes.

Mr. WEAVER: If this \$643,000 were subtracted from that, it leaves a total of \$5,291,780. In a question asked by Mr. J. M. Macdonnell—and everyone has a copy of this, it is marked exhibit "G", the stores on H.M.C.S. Stadacona were broken down. This is one of the few breakdowns we have and I would like to point out why I say this \$643,000-odd can be subtracted from that. I will give you two examples. We have three globe valves, one-quarter by 300 pounds, showing a write-off of \$3.42; then we have three globe valves, one-quarter by 280 pounds, showing a surplus on charge of \$5.04. Another case of valves, we have twelve globe valves two inches by 150 pounds written off at \$89.64, twelve valves two inches by 130 pounds, surplus charged \$34.40. In other words, this is just an adjustment. Valves are something that are easily mistaken and I have had some experience with these in doing similar work. It is quite easy to get these things mixed up.

Mr. BENIDICKSON: Are these overages included in the \$643,000, Mr. Weaver?

Mr. WEAVER: No, the overages shown here in this exhibit "G" pretty well balance out. Now, also I find that in this \$2 million item there is over \$1 million aircraft written off in the navy, and in the air force there are three aircraft written off, certain engines damaged and certain parachutes lost in crashes, making a total of this type of loss of approximately \$1,375,000.

Mr. BENIDICKSON: What is the R.C.A.F. aircraft that you have in mind there?

Mr. WEAVER: Well, there is one North Star, \$225,000, and there are two smaller aircraft, one \$74,000 and one at \$78,000. There is an engine at \$6,000 and I believe there is another engine at \$4,000.

Mr. BENIDICKSON: In crashes?

The CHAIRMAN: Yes.

Mr. WEAVER: Now, adding the aircraft losses and the total taken on charge, we have a total of \$2,015,843, which leaves less than \$200,000 net loss.

Mr. BENIDICKSON: On the write-off item?

Mr. WEAVER: On the other write-off item, and that does not take into account—I have not gone into all of this. There are a number of other things that could have been taken into account as coming in the same class. The ones I have mentioned are not the only ones so that this total figure really reduces itself to just over \$5¼ million, which gives an entirely different impression to the \$7½ million figure that has attained wide publicity.

Mr. BENIDICKSON: You break it down to what?

Mr. WEAVER: About \$5½ million. That is just dealing with "other write-offs."

Mr. BENIDICKSON: Then, if you want to go from that figure on, the Trenton fire alone, which there seems to be no special criticism of, accounts for \$2,300,000, and the three fires which we have gone into very carefully at 26 C.O.D. amount to \$786,000 and then there are additional fires according to my figuring out of this summary which the committee has not so far decided, inasmuch as they are individually apparently not too consequential, but in total amount to something—\$2,119,000. I am only making those remarks. Is this the only time we are going to sum up this thing?

The CHAIRMAN: Mr. Weaver had not used very much of the time of the committee and he had first asked these questions, and he made some analysis of it. We will each have an opportunity at a later time to analyse further.



Mr. GEORGE: Would it not be possible, Mr. Chairman, to have this analysed by the officials and produce a mimeographed copy at the next meeting?

The CHAIRMAN: I do not think it is the function of the officials to analyse the evidence. That is our function. It may be that Mr. Fulton may not have the same impression of it that you do. I think we will do our own breaking down of the evidence. The evidence is there and it is all in the record. Mr. Weaver has only indicated to you that the broader over-all figures have been more closely examined and if you do examine them you will find the losses considerably reduced, particularly in view of what Mr. Benidickson has said about the fires at Trenton and 26 C.O.D.

The WITNESS: The area of Barriefield requested by Mr. Thomas is 1,716 acres.

Mr. CHURCHILL: Mr. Chairman, before you adjourn I would like to ask two questions which will require a lot of research. May I do that now?

The CHAIRMAN: Surely.

Mr. CHURCHILL: It has to do with arms and ammunition. I notice a Bren gun and 1,000 rounds of ammunition were stolen at one time. My questions are: what quantities and description and value of arms and ammunition have been lost by fire or theft or have been written off? That is in the period under review. And my second question is: can an example be given from one of the camps of the loss of weapons by fire and the amount of weapons discovered in the debris related to the number of weapons generally on charge in the stores?

Mr. BENIDICKSON: Mr. Chairman, what are we going to do at our next meeting?

The CHAIRMAN: At the next meeting, gentlemen, we will revert to defence production. It is armament excluding airplanes and ships.

Mr. BENIDICKSON: What are we going to do with this 125 pages of the R.C.A.F. return—marked Exhibit D?

The CHAIRMAN: I was hoping, gentlemen, that you would have an opportunity to examine it at a later time, if time permits, but if it does not anyone who wishes to make a further study of it can do so and request information.

Mr. BENIDICKSON: Why couldn't we have a meeting at 4 o'clock to see if there are not questions on this voluminous R.C.A.F. material which we have not even looked at except for the Trenton fires?

The CHAIRMAN: The Trenton and 26 C.O.D. fires were asked for particularly. When the members of the committee had an opportunity to see the evidence, they decided to examine the two large fires in the air force at Trenton and the army fires at 26 C.O.D. That we have dealt with fully. If there is anything anyone wants as a result of the air force information furnished—

Mr. BENIDICKSON: I am not pressing, but I think some of the other members might have questions on this large amount of material connected with the R.C.A.F.

The CHAIRMAN: Is there any desire on the part of any member of the committee to hold a meeting this afternoon or to proceed at any time between now and Tuesday to deal with the R.C.A.F. fire losses?

Now, gentlemen, if there is no such desire then before we adjourn I think Mr. Armstrong has a few more answers.

The WITNESS: Mr. Stick asked for the members of the court of inquiry. I gave him the president, Colonel Lockhart. The members are Lieutenant-Colonel A. A. Ogilvy, Lieutenant-Colonel R. F. Trudeau and Major P. E. Amyot.

This is a description of the engineers' stores for Mr. Henderson:

Miscellaneous materials \$27,736;  
Building materials \$31,556;  
Electrical materials \$11,361;  
Stove parts \$75;  
Plumbing and tinsmithing materials \$18,863;  
Losses by civilian employees \$2,127;  
Ordnance stores \$4,316;  
Engineers' tools \$1,054;  
Office machinery \$225;  
Material stores in addition to other miscellaneous \$1,285.

*By Mr. Henderson:*

Q. Just on that miscellaneous material and building and electrical material, I wonder could you go further and break that down and give an answer at some other time?—A. The building, electrical and miscellaneous?

Q. Yes.

Mr. BENIDICKSON: Mr. Chairman, if the committee would bear with me for a moment I would like to ask Mr. Armstrong this question which I have had for several days.

*By Mr. Benidickson:*

Q. Mr. Weaver made reference to some R.C.A.F. aircraft write-offs. I remember that we had naval aircraft write-offs in our summary of over-all write-offs. Is the equivalent in this material for the R.C.A.F.?—A. Not the equivalent.

Q. I must admit I had not noticed there were some R.C.A.F.—A. There were two instances. One was damaged because of take-off of a Lancaster, I believe, and that was \$78,000; and a North Star exploded and that is \$200,000 some odd. They somehow were included in this list. In addition you will note by examination of the list that there is something in the order of \$23,000 representing the damage, accidental damage, to vehicles and other equipment.

Q. Why do we not have uniformity in these returns between the navy and the air force?—A. The reason we do not have uniformity is that we prepared them over night with people working all night. We just did not have time to edit them properly, and that is why some of these items have got in with our general stuff there.

Mr. BENIDICKSON: The other comment I would like to make, Mr. Chairman, is that we have not examined Royal Canadian Navy write-offs in connection with victualling. I looked at that return. It came to my knowledge while we were discussing other things, and I want to criticize somebody on the ground that I do not think that those write-offs can be considered as common sense. If you have holdings of victualling of \$300,000-odd, I cannot understand how the write-offs are as small as those indicated in those returns for a two-year period. If this committee would deal with this problem on another occasion I would like to pursue it. I believe there is something wrong there.

I would like to make another point. If we have another meeting on this branch of the inquiry I think we would be much better to consider the big problems, such as the reason for the decision to abandon for ordnance No. 26 C.O.D. and go to another place at an expense of many millions of dollars. I imagine there are probably good reasons for that move but, had we not wasted our time on some of these side lines—small fires or relatively small fires and the like, compared to the stock holdings—we would have had that opportunity.

I just want to serve notice that as this committee continues, either at this session or at another, I would like to go into the broad question of how decisions are reached, for instance, to abandon a depot and move from one place to another at considerable expense.

The CHAIRMAN: I imagine you are receiving considerable support from Mr. McIlraith, but by the time we get to it the matter will be a little academic.

From all the indications and from the way the business of the House is moving, I think that Mr. Armstrong will not likely appear before this committee again except for some special reason. I would like, therefore, on your behalf, to thank him and his staff for the co-operation and assistance they have given us. He was most helpful and they worked very hard to bring us the information they have given us.

The committee adjourned.



















Canada: Defence Expenditure  
Special Committee, 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

TUESDAY, JUNE 3, 1952

WITNESSES:

Mr. C. M. Drury, Deputy Minister, Department of National Defence;  
Mr. T. N. Beaupré, Assistant Deputy Minister and W. J. W. Reid,  
Director, Gun Division, Department of Defence Production.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952

ORDERS OF REFERENCE

MONDAY, June 2, 1952.

*Ordered*,—That the name of Mr. MacLean (*Queens, P.E.I.*) be substituted for that of Mr. Pearkes on the said Committee.

*Ordered*,—That the name of Mr. Dinsdale be substituted for that of Mr. Fulton on the said Committee.

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*

## MINUTES OF PROCEEDINGS

TUESDAY, June 3, 1952.

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Campney, Cavers, Croll, Dickey, Gauthier (*Portneuf*), Harkness, Hunter, James, Macdonnell (*Greenwood*), McIlraith, Stewart (*Winnipeg North*), Stick, Weaver. (17)

*In attendance:* Messrs. C. M. Drury and W. R. Wright, Department of National Defence; Messrs. T. N. Beaupré and W. J. W. Reid, Department of Defence Production; Mr. R. G. MacNeill, Department of Finance.

The Chairman announced that Messrs. Dinsdale and MacLean (*P.E.I.*) had replaced Messrs. Fulton and Pearkes on the Committee.

The Chairman tabled the following returns marked:

EXHIBIT R.—Cost of long term storage of mechanical equipment.

EXHIBIT S.—Shortfall of expenditures in RCAF mechanical transport equipment.

Mr. Stewart commented on a personal visit he made on May 30th to No. 26 Central Ordnance Depot.

The Committee reverted, as previously agreed, to the consideration of Exhibit A—being Canadian Defence Orders.

Messrs. Drury, Beaupré and Reid were called and jointly examined.

Mr. Macdonnell referred to a debate which took place in the House on capital assistance and Mr. McIlraith commented thereon.

It was agreed that the Department of Defence Production table copies of formal contracts, letters of intent, etc. covering capital assistance.

At 1.00 o'clock p.m., the witnesses still being examined, the Committee adjourned until Thursday, June 5, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*





## EVIDENCE

JUNE 3, 1952

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. First we will deal with an order of reference. On Monday, June 2, 1952, it was ordered that the name of Mr. MacLean, Queens, P.E.I., be substituted for that of Mr. Pearkes on the said committee, and that the name of Mr. Dinsdale be substituted for that of Mr. Fulton on the same committee.

I have here two answers, one to a question by Mr. Harkness re cost of long term storage of mechanical equipment, and a second answer, also to a question by Mr. Harkness, re shortfall of expenditures in R.C.A.F. mechanical transport equipment. These will be exhibits and copies will be delivered to each member.

Last Friday Mr. Stewart visited No. 26 C.O.D. I wonder if he has anything to tell the committee with respect to his visit there.

Mr. STEWART: A week ago, Mr. Chairman, I expressed some dissatisfaction with the conducted tour since I wanted to see things that I did not see. I said in committee that I wanted to be foot loose and on my own, but the reporter has me down as saying "Can I be loose leaf around here." If I said that I should be filed away, but I assure the committee that I did not say that. However, Mr. Armstrong made arrangements for me to visit the depot on Friday and I went down there with him and Mr. Kidd and I wish to express my thanks at the moment to Mr. Armstrong and to Colonel Denney, to Major Suttie and Lt. Col. Holliday as well as Mr. Kidd for the help they gave me. What we did was to take an indent at random and trace it all the way through till the stores asked for on the indent were issued out. I saw in detail what I had wanted to see previously, and from what I did see I am quite satisfied that the system down there is as good as human ingenuity can make it. Of course we have to take into consideration that weaknesses in the human factor will break down any system, but the various checks on individuals should be adequate to prevent any loss. To have complete security would make the cost so enormous that it would far exceed, I think, the losses that are sustained. I am satisfied with the result of my visit and the only comment I wish to make on it is that the next time we have a witness such as Mr. Armstrong coming before the committee and dealing with a subject such as the one we have been dealing with, that it would save a lot of time in committee if we could see the things that we are discussing before we discuss them.

The CHAIRMAN: Thank you, Mr. Stewart. I think the suggestion you made about actually seeing the installations we are discussing is a very important one. We should keep that in mind for next session if we all are fortunate enough to be members of the committee.

We are dealing now with Canadian defence orders. We will start at page 11 and we will run through the items with the witness here, who will be able to answer questions up to, I think, page 19.

Mr. STICK: Why start at page 11?

The CHAIRMAN: That is our agenda today, Mr. Stick, armaments less aircraft and ships.

Mr. STICK: I asked a question some time ago on page 5.

The CHAIRMAN: That is on ships, is it not?

Mr. STICK: Yes.

The CHAIRMAN: We have not reached that yet, but we will reach it very shortly, I hope.

Mr. STICK: All right.

Mr. MACDONNELL: In the committee of the whole the other evening while discussing the estimates on Defence Production, I asked Mr. Howe if certain contracts made by Defence Production could not be filed and he said,

Yes, but I think the proper place to file them is in the Committee on Defence Expenditure. I would not like to lay them on the table of the House, because that would not be the proper procedure. However, my officers would be glad to attend before the Committee on Defence Expenditure and produce any of the contracts in which the hon. member may be interested.

On page 2784 of *Hansard*, Mr. Howe continues:

I might say, so far as tabling in the House is concerned, that all these contracts develop out of orders in council tabled in the House. If the hon. member cares to look through the records he will find orders in council covering each of these capital expenditures.

Well, actually I have looked up the list of orders in council and there is the merest reference to such contracts. For instance, here is one: "Purchase jumpers and trousers; purchase teleprinters and spares; purchase snowmotors".

The CHAIRMAN: That is not the order in council, Mr. Macdonnell.

Mr. MACDONNELL: No, no, but I understand that this is the only file that is available ordinarily unless one goes beyond this and gets the orders in council.

Mr. McILRAITH: Those were purchase orders. It was capital assistance that all this debate was on in the House the other night. The orders in council have reference to capital assistance.

Mr. MACDONNELL: Perhaps the point does not arise, because all I am going to ask is whether contracts—I do not mean every \$5 contract, I would say contracts over \$100,000—whether there is any reason that these cannot be filed so that they can be studied. That is my hope, because it seems to me it is going to be an unnecessary waste of time for us to bring an official here to explain these to us, and maybe it will be that no explanation is necessary once we see the details. It may be that when we see them we could say "thanks very much, here they are". As I said, I would suggest the tabling of contracts for over \$100,000, but if it turned out that there were hundreds over \$100,000 I would raise the ante.

The CHAIRMAN: Mr. McIlraith, you are much better acquainted than the rest of us with this subject. Just for our information, are there many over \$100,000?

Mr. McILRAITH: I do not know. My understanding of what took place on Friday night was this. The capital assistance estimate was before the committee of the whole and the question arose as to how much had been granted by way of capital assistance, not only this year, but last year, and that list was given. Now, the discussion arose about the actual terms and it was this that brought up the question of orders in council and the contracts, and of course there is no objection at all—I cannot speak for Defence Production, but I cannot imagine any objection at all to the production of the whole list of the capital assistance items. Now, I do not know what the contracts will be, but I presume they are identical, they may be actually identical.



Mr. MACDONNELL: Identical with what?

Mr. McILRAITH: With each other. If they are identical I do not know if the committee would want to have them all produced, the whole number, but I cannot imagine any objection at all to having the contracts that are not identical produced here. Now, then, there was the further point taken by the minister when he said the way to handle this was to have the witness produced. He said "and I will make available the officers from the department to give evidence and to explain the whole matter before the committee" and then there was a little further argument that went back and forth, as to whether he would commit the committee in the House as to what the committee would do, and he took the position that he had no authority over the committee, that he had authority over his departmental officials, but not over the committee. The position is quite clear. Information is readily available and will be produced and the minister's suggestion that it could be produced with a witness is a suggestion which I think is well taken. In view of our experience in the House on capital assistance at the end of the last war, there seems to be a misunderstanding as to what it is; it is treated so many times as a gift or absolute expenditure compared to what it is, capital assistance.

Mr. MACDONNELL: If Mr. McIlraith says the contracts are identical I will take his word for it and we would not have to have them all produced. We could have one contract and a list of the firms to whom the contracts were awarded. If they are not identical, then I would like to see them.

Mr. McILRAITH: We are all on common ground on that. There is nothing about them that is not producible, not that I know of.

The CHAIRMAN: Gentlemen. Mr. Macdonnell says that Mr. Howe said on the floor of the House, as reported in *Hansard* on the 30th May, "that the committee could ask for whatever information it required and it would be provided to the committee". Mr. Howe said, and I quote "For instance, if we have a witness on guns he will be pleased to file details on capital expenditures for the gun program." That is on page 2785. I am just taking a bit out of one of Mr. Howe's statements. Now, the question is, in what manner can we do that, I would suggest we do it in this fashion if it meets with the approval of the committee. We start this morning on armament excluding aircraft and ships, if any member asks for a contract for item X, it may or may not be here if it is not here, the answer will be "we will produce it for you at the next meeting." We will have to do the best we can. As we proceed, if anyone wishes to have a contract produced, he will indicate the contract he wants produced and we shall have it ready for him as soon as possible. A witness should be here to answer questions affecting the contract. I do not think it is fair to lay a contract on the table, or any document for that matter, without having a witness here ready to explain and to give information and details if necessary. That is my suggestion.

Mr. McILRAITH: I would think the whole subject of capital assistance could be dealt with fairly briefly, and these contracts could be produced. What is the agenda for Thursday, Mr. Chairman?

The CHAIRMAN: When we finish with armament we go into aircraft and then ships. Let us get on this morning and see how the question arises.

Mr. MACDONNELL: It has arisen right now, Mr. Chairman, and as I understand it, we are making a huge mountain out of a little molehill. The minister said there was nothing secret nor questions of security about these contracts. Now, if we bring a contract in here and the relevant officer begins to explain it, does that mean you are going to have a copy of the contract in the hands of every member, because otherwise the thing is no good. I say if there is no secrecy involved, if members are to be allowed to look at the contract, we could save a lot of time in this committee, it seems to me, by not bringing them

in one by one by a sort of extraction process. If we do that I think it is going to cause us a lot of trouble, and if there is any objection, which Mr. Howe did not see and certainly Mr. McIlraith does not see, why can they not be brought in now?

Mr. MCILRAITH: My only objection is that I would like to have the witness explain, explain what the capital assistance is.

Mr. MACDONNELL: Could we have a general explanation—whatever Mr. McIlraith thinks fit?

Mr. MCILRAITH: I think a general explanation plus a list of the contracts, plus a sample contract.

The CHAIRMAN: Gentlemen, that is what I think, that the contracts would be produced as requested with the witness here to answer questions.

Mr. BENIDICKSON: I understand we are on armament now, Mr. Chairman. There may be capital assistance with respect to armaments?

Mr. MACDONNELL: That will not do us any good, because we may only get two or three of them before the end of June if Mr. McIlraith's suggestion is accepted. Let us have this list Mr. Howe mentioned the other night.

Mr. MCILRAITH: Actually I am not sure but the list may have been given on Friday night.

Mr. MACDONNELL: Except—

Mr. MCILRAITH: That difficulty only arises in the estimates for this year.

The CHAIRMAN: At the moment I cannot quite see that we have any problem at all. Let us proceed for a little while with the witness and let us see exactly what we do want beyond what the witness has with him. Let us start and see what we are getting into. The witness has some information here this morning and Mr. Macdonnell may, in the light of the evidence, change his view on his request. But let us get on with it for the moment.

Mr. HARKNESS: Mr. Macdonnell asked for a list of contracts over \$100,000 plus a sample contract, and Mr. McIlraith said that he did not see any reason why that should not be produced. If that went in as a request and they were then produced, subsequent to that Mr. Macdonnell might want to ask about a particular contract and then we could have a witness here for the purpose.

The CHAIRMAN: He may be asking about a contract concerning ships and we may not reach ships this session.

Mr. MACDONNELL: It seems to me, Mr. Chairman, that you are overlooking the fact that in answer to me the other night the Right Hon. Mr. Howe suggested that this committee was a vehicle and that he would have no objection to it. That is all I am going to say about it at the moment but I reserve my right to speak about it later.

The CHAIRMAN: We will return to it in a little while. We are now on item 88 at the top of page 11.

Mr. HARKNESS: Items 88 and 89 are both for .22 calibre rifles for the R.C.A.F. What are these .22 calibre rifles used for?

**Mr. C. M. Drury, Deputy Minister, Department of National Defence, called:**

The WITNESS: Mr. Chairman, the .22 calibre rifles are for the training of pilots, who are required to operate the armament in fighter aircraft, as well as for the training of air force cadets.

Mr. HARKNESS: They appear to be quite expensive, \$66 each; I can go into any hardware store, and the price of a .22 calibre rifle which is based on



approximately 50 per cent retail profit would run anywhere from \$9, just approximately, up; I think this price of \$66 is about as high as you can get them for.

The WITNESS: I am not sure about the current prices for .22 calibre rifles. I would doubt whether we could get a satisfactory .22 calibre rifle for \$9.

Mr. HUNTER: You can, Mr. Chairman, but it is not a rifle which is suitable for this sort of thing. It is intended only for small boys. You would give it to them at the age of 8 years.

Mr. HARKNESS: They range in price in the retail stores from \$9 up to \$65 and \$70, and those prices include about a 50 per cent retail profit.

Mr. APPLEWHAITE: Are they the usual light weight .22 calibre rifles, or are they a heavy rifle with a .22 bore?

The WITNESS: These are the Standard Lee Enfield .22 calibre rifle; they are light weight rifles, not the .303 calibre with an insert.

Mr. BENIDICKSON: Could the witness find out if these rifles are sold commercially to the public, and if so, what the retail selling price is?

The WITNESS: Canadian Arsenals are the manufacturers, and they do not normally manufacture this kind of armament for sale to the public. I would doubt very much indeed if they are sold commercially.

Mr. MACDONNELL: I think Mr. Benidickson's question seems a sensible one, Mr. Chairman.

The WITNESS: We can undertake to ascertain what the retail price would be of the nearest comparable commercial type of rifle.

Mr. McILRAITH: We have a man from the department with us today who should know about this, I mean know about the .22 calibre rifles as compared with ordinary rifles.

The CHAIRMAN: Can you answer the question, Mr. Reid?

Mr. W. J. W. REID (*Director of Gun Division*): I am sorry, Mr. Chairman, but I cannot answer the question.

The WITNESS: I shall have the information brought here.

The CHAIRMAN: Mr. Drury says that he will have the information brought here.

The WITNESS: I am not sure that our technical people would be too familiar with commercial prices for different types of rifles.

Mr. McILRAITH: An armament N.C.O. would explain that very quickly, I think.

The WITNESS: I will have someone send for it now and we will see if that information can be produced.

Mr. ADAMSON: I know that the Long Branch plant kept itself going by manufacturing rifles for commercial sale, and it kept itself going that way for a number of years. They sold those rifles as hunters' rifles and they also sold shotguns at comparatively competitive prices. The only thing which put them out of business was the excise tax imposed by the Minister of Finance, so I think they should know pretty well the comparative costs of the rifles.

The CHAIRMAN: Mr. Drury will have that information produced later today or certainly at the next meeting. He will give you the comparable prices for similar commercial rifles. We are now on item 91.

Mr. STEWART: Items 91 and 92, Mr. Chairman.

Mr. MACDONNELL: What is meant by "survival weapon"?

The WITNESS: This is a part of the use of the emergency kits put in the aircraft for the use of the crew who may come down in isolated areas. The



emergency kit includes a .22 calibre rifle for shooting game and other things to assist in survival. So it is the crew whose survival we are looking to.

Mr. HARKNESS: It is an ordinary .22 calibre rifle?

The WITNESS: I do not know whether there is anything special about it.

Mr. REID: It is quite special. It breaks in two parts for easy packing.

Mr. HARKNESS: Item 91, Mr. Chairman.

The CHAIRMAN: Mr. Stewart is on items 91 and 92 now.

*By Mr. Stewart:*

Q. In item 91 we have three hundred 12 gauge shotguns which are of the United States type; and in item 92 we have "spares for shotguns, 12 gauge", in connection with which there are some 60 items. Could we have some explanation of these two items, 91 and 92?—A. These are Velme-Leon under and over shotguns, and they are used for training by air force officers on the skeet range. It has been found that this type of individual shooting trains air force personnel pilots in a way which is very satisfactory indeed, in the characteristics of lead and co-ordination in firing a gun on an aircraft.

Q. Are these spares in item 92 for the items in item 91?—A. They are.

Q. Then why should the spares be so much more expensive than the items, the rifles?—A. In respect to the 60 items, there might be a requirement up to the order of 300 for each of them. I do not know how many spare barrels there actually are but there might be 300; there might perhaps be 300 extra hammers, and so on.

Q. In other words, the figure 60 is not exactly correct; and when you divide 60 into 11,000 you get a false picture.—A. I think that is correct.

Q. Why should the shotguns be as expensive as \$150? Can you give us an answer later to that question?—A. Perhaps Mr. Reid can answer that for you now, if he knows.

Mr. REID: I am sorry, I am not an expert on shotguns. But for a skeet shooting gun, \$150 is not expensive.

Mr. STEWART: I would not know.

Mr. REID: A good gun runs to \$300.

Mr. HARKNESS: If you go into any good sporting goods store you can pick up a good gun for around \$150. But the comparatively small number of Americans who come to our country for shooting do not pay \$150 for a shotgun. Certainly a good shotgun can be secured for half that figure.

The WITNESS: Do you mean to say you can buy a double barrelled shotgun for \$75?

Mr. HARKNESS: If you go into any good sporting goods store I think you will find that is the case.

The CHAIRMAN: Gentlemen, let us not get into a useless argument. Mr. Drury is the witness today. You may not agree with what he says. He is giving the best evidence he can. Mr. Hunter now has the floor.

Mr. HUNTER: I would like to find out. I know I tried to buy a good gun in England, and they wanted 150 guineas for it.

Mr. STEWART: Why should the spares be of Finnish type for a United States shotgun?

The CHAIRMAN: That is the best question yet.

The WITNESS: That is a very good question, indeed, but I regret to say that I cannot answer it at the moment.

The CHAIRMAN: We will have to get you the answer, Mr. Stewart.

Mr. MACDONNELL: May I point out one thing. You have told us not to be giving our own evidence. But as far as I can make out, Mr. Chairman, the only evidence we have got in answer to Mr. Harkness is not from Mr. Drury's evidence, or from his assistants. We have only got Mr. Hunter's 150 guineas. It may be that he is not very familiar with English money, Mr. Chairman.

The CHAIRMAN: Do not worry about that.

The WITNESS: Someone is now telephoning to Dover's and Heggveit's to get some local retail prices on these items.

Mr. HARKNESS: This \$149 here would be the equivalent of the retail price in a store of at least \$250 and probably \$300.

The CHAIRMAN: They are undoubtedly good weapons.

Mr. HARKNESS: It seems to me to be an excessive price for a shotgun. I happen to know a little about shotguns and I think what Mr. Hunter said about the English shotgun is quite true. The English hand-made shotguns, made by some of the top makers, may run to as much as 1,000 guineas. But that is a different sort of thing altogether from the normal type of shotgun. They would be embossed with silver and so on.

The CHAIRMAN: There will be some information here for you shortly. Let us get on with items 93, 94, 95, and 96.

Mr. ADAMSON: I have a question on item 93 which I think deserves full discussion before we are finished, and I think this committee is the proper place to bring it up. Here we are making 12,000 .5 calibre machine guns for the R.C.A.F., which cost them \$1,075 each; in fact, the estimated value of the contract is given at \$13,158,000. I have no way of checking whether or not that is a fair price, but having seen the plant, I would say the plant is sufficient and that is probably a fair price, and there would be no question in my opinion but that the plant is capable of producing a good gun of that type. My point is this, and I think there should be a discussion of it in this committee, because the general opinion which is held by members of the R.C.A.F. is that this is an ineffective weapon, that the .5 calibre machine gun is in fact too small and is generally ineffective for modern warfare. That opinion has been expressed to me by competent members of the service. I am sorry that the two members of the committee are not here, who are competent to discuss this question. They say that this weapon is totally inadequate for modern warfare with jet fighters, that it has not got the penetrating power or the hitting power, and that it is dangerous for them to use an obsolescent weapon in modern warfare. As I have said, I am not the person to judge that, but I do feel, in view of the very serious and honest doubts that are being expressed to me by persons in the R.C.A.F., by persons whose job it is to fight with these modern jet aircraft, that it is related to the whole question of standardization on these American weapons, and that it should be considered and considered by this committee. There may be some justifiable reasons for the manufacture of this gun. I do not say that there are not. But I do say that it is certainly a questionable matter in my mind and in the minds of other people who should know, whether or not the manufacture of these guns is desirable at the present.

The CHAIRMAN: Let us have an answer now.

The WITNESS: Most people share the view that the .5 caliber machine gun is not the most satisfactory weapon for an aircraft, particularly for a fighter aircraft. Now, there has been intensive effort put into improving the armament of aircraft. I think you have read in the press of a number of instances in which the airframes for the aircraft in the military field lead by a considerable

margin. This is not merely a Canadian observation, but one expressed throughout the world where airframes for military aircraft are developed away in advance of the engines. There have not yet been produced either in quality or in quantity engines to match the aircraft.

Mr. ADAMSON: You are speaking of jets?

The WITNESS: I am speaking of the latest type of fighter aircraft, which is the jet. The engines have more recently been favoured with considerable research and development work and are now coming up to match both in quality and quantity the airframes which the airframe designers have produced.

Lagging behind both of these there has been throughout the world the development of offensive and defensive weapons for these aircraft. This has resulted perhaps from the fact that there is only a certain amount of talent available for doing this kind of research and development work and their initial effort went into airframes, then into engines, and is now being devoted to armament.

The fact that we are now using on jet aircraft—and by “we” I mean all of us, everybody in the world—machine guns of .50 calibre, is a recognition of the result of the inability of everyone to develop armament to keep pace with airframes and engines.

This particular gun is not the ultimate armament for fighter aircraft. The armament being developed now is popularly referred to as the “guided missile”—not the type of thing that flies to the moon but a rocket propelled article with a warhead, which can be guided in one of two ways—either controlled from the dispatching aircraft or supplied with some kind of what the call a “homing device” which when launched at a target will home itself on that target.

The problem of producing an article of this sort is very considerable indeed. There are a whole lot of extraordinarily difficult technical problems to be overcome and the technicians have not yet succeeded in resolving these problems, with the result that we are not yet ready to replace the .50 machine gun. At the present time we have the .50 machine gun or nothing.

Anyone in any air force will agree with you and with me that the .50 machine gun is a “faute de mieux” article and not having the “mieux” we must get along with what we have for the time being.

*By Mr. Cavers:*

Q. Is that why we are only taking apparently about 24 here? At the end of January 1952 we have expended about \$26,000, which would seem to me to have been about the cost of 24 of these guns. Am I correct in that assumption?—A. No, I think the reason for this relatively low expenditure is the rate at which Canadian Arsenals Limited have been getting into production.

*By Mr. Adamson:*

Q. Mr. Chairman, then I would ask the deputy minister—there is, I realize, these problems which he has stated and I would agree I think with the problems. I appreciate the reasons for the problems they are facing, but during the latter part of the war the R.C.A.F. and the R.A.F. used a .20 mm. cannon and the cannon—and again I speak with second-hand knowledge from information given me by many pilots—the cannon which was a developed weapon at the end of the war was a more effective weapon than the .50 machine gun and while the argument was hot and heavy between the R.A.F. and the U.S.A.F., nevertheless the result, I think—and certainly believed by the R.C.A.F.—was that the cannon was a more effective weapon than the .50 machine gun.



Now, the cannon is a weapon for which we have dies and it can be produced without the bugs in it because we did produce them during the war. I wonder why we have concentrated on the .50 machine gun and not the .20 mm. cannon. That is the second question I would like to ask—

The CHAIRMAN: Let us have an answer to the second question.

Mr. CAMPNEY: I would like to intervene, if I may, for a moment. It seems to me we are getting into defence weapon policy. I thought this was a defence expenditure committee. Are we going to get into a discussion of the reasons for armament? I do not disagree with Mr. Adamson that it may be the subject of discussion, but I do think that this is not the place for the discussion.

Mr. ADAMSON: I would like to answer this question.

The CHAIRMAN: Let us devote ourselves to asking questions. When I think they are improper I will suggest it to the committee. I am not at all reluctant about that.

I think it is a proper question to ask: why did you buy that gun as against another gun? That is what he is asking. Mr. Drury has not suggested that there is any reason why he should not answer the question, but Mr. Adamson says, "You are buying these guns at a certain price. If there are better guns available why didn't you buy them?" It is for Mr. Drury to say if there are better guns.

Mr. ADAMSON: It was not "buying them"; it was making them.

The WITNESS: As I understand the second question, it was why we did not employ 20 mm. cannon rather than .5 machine guns. In the first place there are different types of fighter aircraft and their armament, especially with new types, is something which we would like to discuss as little as possible. However, I can say that in relation to the F-86 this is an aircraft of United States design and we have endeavoured in so far as possible to follow the U.S. design and the U.S. changes in design as completely and as rapidly, as is practicable the armament, whatever it might be, of the F-86-E is not for Canadian determination.

You cannot, and I believe Mr. Adamson will agree, in an aircraft as integrally designed as an F-86-E pull out a .5 machine gun and put in 20 mm. cannon. This would mean altering the whole design of the aircraft.

I can say this: I think that in the case of the CF-100, consideration has been given to the points raised by Mr. Adamson and also I think provision has been made for coping with those considerations.

I would not be allowed to outline to you or to the committee—the armament of the CF-100 nor the way in which it works.

The CHAIRMAN: Third question, Mr. Adamson?

*By Mr. Adamson:*

Q. I realize I have been privileged to see that armament myself and I realize it is secret, but I would hope—and this is not secret at all, it was published in the press—that an effort, and I do not see it anywhere in these estimates, should be made at the earliest possible time to commence manufacture of such weapons like the United States Nike, the homing rocket?—A. The Nike, Mr. Adamson, is an air to ground rocket.

Q. I realize that but there are, I understand, plans out for homing weapons which are air to air.

The CHAIRMAN: We have been quite close to the line but nevertheless it has been useful information for the committee and for the country. I think the members are using good common sense in the questions they are asking.

Mr. STICK: I would like to ask a question. There is the question of security. I have the greatest confidence in Mr. Adamson, but he says he was privileged

to see this new armament which, I understand, is secret and I would like to know how that came about.

The CHAIRMAN: Gentlemen, Mr. Adamson lives in the area of the Arsenal and we are not much concerned with what he did or he did not see.

Mr. ADAMSON: I might say I am perfectly certain that those engaged in the manufacture of these things would be only too pleased to welcome the members of this committee.

Mr. STICK: Well, we were told it was secret and it is not very secret if anybody can go in and see it. There is the question of security there which I take very seriously myself.

The CHAIRMAN: Well, that is the responsibility of the people who made the information available; it is not our responsibility.

Mr. STICK: Anyhow, you take it up and have them stop it.

The WITNESS: I have some information on a skeet gun sold by Heggteit's, whom perhaps you know. The cheapest one they sell is a Winchester at \$176, and the most expensive is a Browning at \$300. This is in reference to the item for shotguns, 12 gauge, at a total cost of \$44,886. Now, if one were to divide this up it would be about \$150 for each gun.

*By the Chairman:*

Q. As against?—A. Well, Heggteit's cheapest is a Winchester at \$176, and their most expensive is a Browning at \$300.

*By Mr. Harkness:*

Q. Those prices are retail prices?—A. I would assume so.

Q. And this price would presumably be manufacturers' prices which would be at least half?—A. This is what they charge the Defence Production Department.

The CHAIRMAN: Wholesale prices.

Mr. REID: These are bought from a wholesaler who is giving a wholesale discount to us, probably 20 per cent below retail. There is the typical mark-up of 20 per cent.

The CHAIRMAN: 95, 96 and then we are into 97, 98, 99, 100 and 101, and all the things on that page seem to be of the same sort.

*By Mr. Harkness:*

Q. 97 to 103 are all rifles or carbines or automatic rifles and we are referred to appendix A which is the American equipment bought to replace the equipment which we sent to Europe. Now, the total number of rifles there as I add it up is 12,750, and carbines 7,481. Is that presumably equipment for the two divisions that we have heard about before?—A. These rifles are included in what you have referred to as the armament for two divisions, Mr. Harkness.

Q. What is the difference between the rifles and the carbines?—A. The rifle is .30 calibre, that is the M-1.

Q. Is that the Garand?—A. Yes, and the carbine is a lighter item. The M-1 as I think most of the members of the committee know is quite heavy. It weighs about nine pounds. It is an automatic rifle, gas operated, and fires a .30 calibre shot or bullet. The charge and bullet itself is quite heavy. The carbine is a much lighter semi-automatic weapon which has a shorter barrel and fires a lighter round with a lower muzzle velocity.

Generally speaking, the difference between the rifle and the carbine is the same as the difference between the .303 rifle, which is the standard arm of our infantry man, and something akin to the Sten gun. The carbine is not a normal armament for the infantry man; it is carried by section leaders, M.T. drivers and those kind of persons who do not normally form part of a rifle team.

Q. In other words, the rifles are for the infantry man components of the division and the carbines are for the service components, and so forth?—A. No, there are men in the infantry battalion who carry the carbine. The section leader who has a command role as well as fire power role carries a carbine.

Q. There seems to be just over 20,000 of these rifles and carbines. That would not be sufficient to equip two divisions?—A. That would be sufficient, Colonel Harkness, to equip the personnel of two United States type infantry divisions who carry these weapons.

The CHAIRMAN: 102, 103, 104, 105 and 106.

Mr. HARKNESS: What about the rifles automatic?

The CHAIRMAN: Refer to a number, please?

Mr. HARKNESS: 102 and 103.

The CHAIRMAN: What is the question, Mr. Harkness?

*By Mr. Harkness:*

Q. What difference is there between them and these rifles .30 calibre which are also automatic or semi-automatic?—A. This is a .30 automatic light machine gun.

Q. It is a machine gun rather than a rifle?—A. Well, I cannot myself define a rifle as against a machine gun.

*By Mr. Hunter:*

Q. Like a Browning automatic rifle?—A. Yes.

Q. It is called a BAR.

*By Mr. Harkness:*

Q. I notice the expenditures are the same for these items as the estimated value of the contracts. It says to see appendix A. Does that mean that all this equipment has been delivered because it says in appendix A that it is difficult to do costing, for some reason or other?—A. When the decision was taken to acquire this equipment under the terms of the then current United States legislation, countries who purchased from the United States were required to lay down in advance the full purchase price of all they were going to buy.

We therefore deposited in Washington the full purchase price as estimated by the United States authorities of the armament, as outlined here, for two United States type divisions. Subsequently, as deliveries were made, prices were reconciled to actual prices as distinct from the earlier estimates and these amounts charged against the total deposit we already made. Before, however, all of these items were delivered, discussions took place regarding standardization, and further delivery of small arms and automatic small arms were suspended at our request pending the outcome of these standardization discussions. It is for this reason that a number of items are shown as having no expenditure against them which means that these are items on which the delivery is still in suspense.

Q. In other words, anything that there is not a full price against means it has not been fully delivered yet?—A. That is correct.

The CHAIRMAN: 106, over the top of the next page.

*By Mr. Harkness:*

Q. With regard to what somebody said about the Browning a minute ago, are any of these Brownings this "guns, machine" in 104, 105 and 106?—A. There are a whole series of Browning machine guns which are known by serial numbers. I can give you, if it is of interest, the serial numbers for each of these guns.



Q. No, it would not mean anything.—A. I did not think it would.

Q. But seeing we were talking about these rifles automatic, and I think Mr. Hunter said they were a Browning, it seemed to me this “guns, machine” was a Browning also?

The CHAIRMAN: They are just another type of the same article.

The WITNESS: Before we leave that page, I am told that item 91, which is 12-gauge shotguns is of Finnish design. It is in fact a gun manufactured in the United States from an original Finnish gun as the Bren is originally of Czechoslovak design.

*By Mr. Adamson:*

Q. Isn't the Browning originally of United States design?—A. I think that is correct.

*By Mr. Macdonnell:*

Q. I notice on these United States contracts there is no intermediary. The sale is made direct. In 91 and 92, though I presume they are the same kind of articles, there is an intermediate company. What is the practice?—A. Well, if I understand correctly, these 12-gauge shotguns under items 91 and 92 are not bought from the United States government, but from a manufacturer in the United States. Those other items where the supplier is shown as United States government, are actually purchased for us from the United States army.

Q. That is what I assumed, and I was wondering if there was any reason for that. One would assume it would be more satisfactory to purchase direct. Could that not have been done in the case of items 91 and 92?—A. Well, the United States government does not manufacture or hold this particular item.

Q. When I read under the heading “Type” I assumed it was of United States government manufacture.

Mr. STEWART: Does the purchasing follow the same pattern with other governments? For instance, when we buy from the United Kingdom do we buy directly from the United Kingdom government without the benefit of an intermediary?

Mr. BEAUPRE: It depends on whether the stores we are buying are owned by the United Kingdom or the United States government. If it is an item that is held by the United Kingdom government in their own title, and we can buy it from them, then we buy it directly, but if the stores are located in the United Kingdom and are privately owned, we have our own purchasing establishment in the United Kingdom, a branch of our department, and we buy directly from United Kingdom firms, or alternatively from a Canadian representative of the United Kingdom firm.

Mr. APPLEWHAITE: Items can be listed as United States or United Kingdom type and still be manufactured in Canada?

Mr. BEAUPRE: Yes, that is true.

The CHAIRMAN: Gentlemen, may I revert for a moment to the matter that was raised by Mr. Macdonnell on the subject of capital assistance: It is the chairman's view that the department should produce copies of all capital assistance contracts, letter contracts or letters of intent, covering capital assistance commitments made to crown companies, crown-owned companies and private companies since the Department of Defence Production was established on April 1, 1951, and any amendments to these agreements. I hope that meets with the approval of the committee.

Mr. HUNTER: Did not the committee suggest that only those contracts over \$100,000 be listed?

The CHAIRMAN: Yes, the suggestion was made that only contracts over \$100,000 be produced; I do not think there are too many of them, and after discussing the matter with the officials of the department, it is my view that they should all be produced.

We are now at the top of page 12, items 107, 108 and 109. 110 to 114.

Mr. HARKNESS: Mr. Chairman, on items 110 to 114, they are all mounts, tripod, machine gun, .30 cal. There seems to be a great discrepancy in the prices: item No. 110 is for 177 mounts costing \$27,081; item 111 is for 160 mounts costing \$40,544. This shows quite a lot more for a smaller number of guns. So it goes right through the list. There seems to be no relation between the figures and the number of units. I wonder could we have an explanation of that?

The WITNESS: Item 110 is a tripod mount for a .30 calibre machine gun. This is a .30 calibre M-2. It is used with .30 cal. machine gun M1919A-4. Item 111 has a different name. It is a mount, tripod, machine gun, .30 cal., M1917A-1, and it is used with a .30 cal. gun M1917A-1. The other was used with an M1919A-4.

Mr. HARKNESS: In other words, although they bear the same names on these lists, they are different pieces of equipment.

The WITNESS: They are different pieces of equipment. That is why they are listed separately.

Mr. HARKNESS: And the same thing applies to the one below.

The CHAIRMAN: Items 115, 116, 117 and 118, are the same.

Mr. HARKNESS: We are still on items 110 to 114.

The CHAIRMAN: Yes, but the reference you made was to items 118-119.

Mr. HARKNESS: No.

The WITNESS: Item 112, Mr. Harkness, is, as you point out, more expensive. It is not a tripod mount but a vehicle mount for these machine guns or for some other machine gun.

Mr. HARKNESS: I think that is all. I just wondered why there was this discrepancy in the figures. That seems to explain it.

The CHAIRMAN: Items 115 and 116.

*By Mr. Harkness:*

Q. .45 cal.—are those tommy guns?—A. Thompson guns is the name given to them.

Q. Well, they were generally named "tommy gun"—after Thompson, no doubt. Is the Sten machine gun going to be done away with completely in favour of the Thompson machine gun?—A. Until such time as a conclusion is reached on the standardization problem, one cannot say that the Sten machine gun has been done away with by the Thompson, or vice versa. It may be that neither of them will provide the answer.

*By Mr. Adamson:*

Q. I gather that the Bren is a thing of the past?—A. No, the Bren is not necessarily a thing of the past. It may be—and this is hypothetical, I am not indulging in any kind of forecast or prognosis—that the Bren gun would be adopted. The Bren, of course, is .303 calibre and the current talks appear to me to be hinging around .280 or .300. No one has suggested standardizing on .303.

Q. I do not want to ask a leading question, but would I be right in saying that the whole question of standardization is very much under discussion?—A. It is under very intense discussion and examination.

*By Mr. Harkness:*

Q. The point I had in mind with regard to the Thompson submachine gun is that they are more expensive than the Sten guns. They are a much more costly weapon than the Sten and I am just wondering whether this extra expenditure on them would justify it.—A. This is the standard weapon, at the moment, for the United States forces and along with the policy to adopt a standard weapon of the United States forces it was acquired or ordered, some were acquired and some orders were held in suspense. Now, whether the discussions now going on will lead to the conclusion that a more expensive but, on the other hand, better, more powerful, more effective Thompson gun should be used, or the cheaper, less effective—and when I say less effective, less damaging—Sten gun, I do not know.

Mr. HUNTER: Much less effective.

The WITNESS: It is because of the lack of agreement on that particular point you have raised that we are not proceeding to take delivery of the ones we had ordered.

Mr. MACDONNELL: Did I understand the witness to say that there was competition going on as between the .280 calibre and the .300 calibre?

The WITNESS: You did, Mr. Macdonnell.

The CHAIRMAN: Next, items 118, 119, 120.

Mr. STEWART: Mr. Chairman, could Mr. Drury give us some explanation on this item 120, covering 39 units, supporting brackets for rifles, .22 calibre. The cost of these is going to run to approximately \$600 each. Is that number 39 correct?

The WITNESS: I will have to ask Mr. Beaupre or Mr. Reid to answer that question.

The CHAIRMAN: We will have to check it, Mr. Stewart.

Mr. STEWART: \$600 seems a lot of money to spend for a supporting bracket.

The WITNESS: This bracket is not merely a wall bracket, it is a device for using a .22 calibre rifle in conjunction with the firing and setting mechanism of a .75 mm. gun, so that training in gunnery can be carried out by the gunners firing .22 bullets at a target rather than .75 mm. shells, which are quite expensive.

Mr. STEWART: That is quite a special form of bracket then?

The WITNESS: Yes.

*By Mr. Applewhaite:*

Q. Were the .22 rifles for which these stands are to be used in stock before April 1950?—A. That I cannot answer for sure, but I think it is likely to be the case.

Q. Either that is the case or we have ordered the stands and have not yet ordered the guns, because apparently we have not ordered any .22 rifles.—A. I noticed that.

Q. Can you let us know which is the case?—A. I will.

The CHAIRMAN: Items 121, 122 and 123.

*By Mr. Harkness:*

Q. Item 122, overhaul and modification of rifles, .303 cal. The number of units involved is 70,000. Can we have some explanation of that item? The estimated cost is half a million dollars.—A. What sort of explanation?

Q. I wonder what modification was being made to these .303's?—A. These are not very substantial modifications, Mr. Harkness, but are slight modifications, the various parts of the M4, .303 rifle. Most of this in fact is taken up by overhaul done by Canadian Arsenals.



Q. So it is chiefly a matter of putting 70,000 of the rifles we have on hand into better condition?—A. That is correct.

The CHAIRMAN: Items 123, 124, 125, 126 and 127, page 13.

*By Mr. Applewhaite:*

Q. No. 127 is the last item in this particular group. Have there been no small arms or machine guns less than .60 calibre ordered for the navy since April 1950?—A. No small arms, that is correct.

Q. I do not want to ask questions now that should not be asked, but that raises two ideas in my mind that perhaps the deputy might be able to take care of. First is that we had, before 1950, an ample supply of small arms for the navy, for the size of the navy we have right now; and, secondly, are there no cases where small arms have been improved to such an extent that the navy's existing weapons should be replaced?—A. Mr. Chairman, the small arms for the navy have to be considered along with small arms for the army and small arms for the air force, and at the present moment the acquisition of small arms for any of the three forces is currently in suspense in the light of the standardization talks. Now, the small arms which the navy would use would be the same small arms that the army would use. As far as I know there are no special small arms of a peculiarly naval pattern, nor is any attempt made to develop small arms specially for naval use. If the navy were to require small arms in quantities beyond what they have, there is an ample reserve in the hands of the army to meet this at the present time.

Q. Then it is conceivable that some of the weapons in possession of the army might wind up in the hands of the navy?—A. They might, conceivably; it is possible.

The CHAIRMAN: Page 14, gentlemen.

The WITNESS: Mr. Chairman, I would like to tell Mr. Stewart that the rifles for the brackets that we have been purchasing were obtained from stock. They did not have to be acquired.

The CHAIRMAN: You still have the answer due to Mr. Stewart as to what the bracket consisted of.

Mr. STEWART: No, the witness told me.

The CHAIRMAN: Are you satisfied, Mr. Stewart.

Mr. STEWART: I do not know whether to be satisfied or dissatisfied!

Mr. HARKNESS: I am not too satisfied, Mr. Chairman, because these .22 rifle barrels used to be installed inside the gun in a dummy shell. This was put inside the barrel and used in that way, as Brigadier Drury very well knows, and \$600 seems to be a great deal of money to replace what used to be a homemade piece of equipment.

The CHAIRMAN: I suggest that Mr. Harkness see one of these brackets.

The WITNESS: I think we can make arrangements for Mr. Stewart and Mr. Harkness to look at one.

Mr. HARKNESS: We have not a lot of time to do that, and I think it would be satisfactory if we were told what the thing is.

The WITNESS: I cannot tell you offhand here, but I can get a complete explanation of it.

The CHAIRMAN: Now, the top of page 14. Item 128.

Mr. HARKNESS: What are these anti-submarine mountings?

The WITNESS: These are mountings for what are known as anti-submarine mortars. I cannot go too deeply into this because, generally speaking, in the last war the method of attacking submerged submarines by a naval vessel was to throw over depth charges, and the depth charges were sown in a relatively limited pattern and the accuracy of the attack was not too great.

Since the war there has been quite a lot of secret development on the improvement both of the projectile and of the discharger. There are a number of them which are given code numbers and they are still on the secret list. They are, generically, anti-submarine mortars.

The CHAIRMAN: That covers items 128 to 139.

*By Mr. Applewhaite:*

Q. Items 128 to 131. Although there has been no money expended on them yet, have there been any deliveries?—A. I do not think we have been so fortunate as to get deliveries without spending any money.

Q. If I might just make a remark, I understand from previous sessions that there were occasions where the United Kingdom went ahead and started getting out our orders but the price was not agreed on until the volume of production was bigger, and there was something concrete to go on.

The CHAIRMAN: That is quite right; that was the answer on tanks.

The WITNESS: Perhaps Mr. Reid or Mr. Beaupre could tell us whether there have been any deliveries.

Mr. REID: Is the question in connection with Canadian production or United Kingdom purchases? There is no Canadian production yet.

The CHAIRMAN: You are quite right in what you say about United Kingdom purchases. Evidence on that point was given by Mr. Beaupre when we dealt with tanks.

Mr. BEAUPRE: I said at that time that the final price had not been worked out but there may have been some payments made.

The CHAIRMAN: Items 132 and 133 are similar.

*By Mr. Adamson:*

Q. 133 is the major item of naval guns. This is, I gather, our major production item for naval ordnance, and it is, I gather, a United States type of anti-aircraft gun?—A. It is called HA/LA, high angle, low angle. It is both anti-aircraft and anti-surface, a combination or dual purpose gun.

Q. That is the one major item in the naval guns we are producing?—A. This is the major item in the naval guns we are producing.

Q. Is this the one the Americans are buying?—A. Yes, in substantial quantities.

*By Mr. Macdonnell:*

Q. Is there any basic rule by which we divide these items which we buy in the United Kingdom or buy in the United States, or does it depend on the availability?—A. It depends first on availability, as I pointed out earlier was the case with regard to tanks, where we had no choice at all. Price is also a factor as is the state of development and the question of North American standardization.

Q. Just on a rough look over the list, of 30 items, it would appear roughly that we buy land items in the United States and naval equipment in the United Kingdom. Is that just accidental or roughly speaking true?—A. The number of items of armament for the naval vessels, particularly these anti-submarine weapons, are all of United Kingdom design and manufacture. These are not available from the United States.

Mr. APPLEWHAITE: Item No. 133. Is that \$13,200,000 the amount which we are spending for our own navy, or does that include some guns for which we will be paid by the United States?

Mr. BEAUPRE: It is our order.

The CHAIRMAN: Items 134 to 137.

*By Mr. Adamson:*

Q. These are the guns, I gather, that the American admiral was very pleased with when he made an inspection at Sorel.

The CHAIRMAN: Will you identify them, Mr. Adamson?

Mr. ADAMSON: Item 133, 3-inch—50 cal. naval guns with mounts. They are in production now and apparently they were the guns that received so much favourable publicity recently.

The WITNESS: I have reason to believe they would receive favourable comment. I do not know whether any American admiral was pleased, but he should have been if he was not.

Mr. HARKNESS: There were some remarks in the newspapers last week on this.

Mr. REID: This order shown here for 44 guns is for the Canadian navy, and the United States production, not listed, is 40.

Mr. BEAUPRE: Mr. Howe, in speaking on the estimates for the Department of Defence Production the other night, read into the record a telegram which the president of Sorel Industries had received from the head of the ordnance of the United States. He quoted the telegram, which complimented the makers, saying that it had passed inspection on the first trial.

Mr. ADAMSON: That is the gun.

The CHAIRMAN: Items 134 to 137.

Mr. HARKNESS: Are these guns for use in planes or are they Oerlikon guns for use against low-flying attack by planes?

The WITNESS: They are 20 mm. guns for mounting in aircraft, Mr. Adamson.

Mr. ADAMSON: Yes, I suppose I better not ask you where they are for.

Mr. APPLEWHAITE: On item 137, where we are dealing with purchases from the United Kingdom government such as in 137 and back to a year ago, can we assume wherever there have been no expenditures that there have been no deliveries? Does that naturally and automatically and necessarily follow?

Mr. BEAUPRE: It does not automatically follow, I would say, but I would think in most instances at least partial payments would be made before we would get any single deliveries. I might say that it does not necessarily lead to finalization of a price. We might make payment against an estimated price.

Mr. HARKNESS: Surely we must have some credit.

*By Mr. Applewhaite:*

Q. In 136 and 137 have there been any deliveries?—A. That I cannot answer. I can get that for you.

Q. I think it is fair to point out that those orders are over a year old and they are not large items.

The CHAIRMAN: We will find out for you, Mr. Applewhaite.

Mr. BEAUPRE: One was January 1952.

The CHAIRMAN: 136 and 137.

Mr. BEAUPRE: Sorry.

Mr. HARKNESS: On this 134, is the price of \$19,446 for the 40 mm. guns the total price?

Mr. BEAUPRE: As far as I know, without checking up, that would be the total price as it is estimated. Whether or not that was the final price or whether that was another case where we worked from an estimate, I could not tell you without checking the file.



Mr. HARKNESS: The reason I asked is that the price per gun is less than half the price we are paying for .5 machine gun and I wondered whether that is the total price or not.

The WITNESS: These also are for replacement purposes and it may not represent a complete article in itself but only a part of the mechanism, such as the barrel which wears out.

The CHAIRMAN: 138 to 140.

Mr. ADAMSON: I notice here six U.K. design and one U.S. design. Is that the same?

The CHAIRMAN: 138 to 140. No, they are all the same, United States.

Mr. APPLEWHAITE: The line below 140 it part of 140, is it—"and included in the \$141,000"?

The CHAIRMAN: Mr. Beaupre says yes. 141 to 144.

*By Mr. Adamson:*

Q. I see one of these 81 mm. is marked U.S. 1 U.K. Is that a typographical error?—A. A typographical error.

Q. 142 is United States?

The CHAIRMAN: Yes, 142 should be U.S.

The top of page 15, 145 to 147.

Mr. HARKNESS: I see in 148 these two barrels for rocket launchers are made by the Firestone Tire and Rubber Company Limited. Are they made of rubber?

Mr. BEAUPRE: That is the standard bazooka.

Mr. HARKNESS: That is the standard American bazooka?

Mr. BEAUPRE: Yes.

Mr. HARKNESS: It seems an odd company to be making them, a rubber company?

The CHAIRMAN: Rubber companies make odd things.

149.

Mr. ADAMSON: Are these also bazookas?

Mr. BEAUPRE: Those are firing mechanisms for bazookas and the 150 belongs in the same weapon. The three of them go together.

The CHAIRMAN: 151, 152.

Mr. HARKNESS: 152 and 153 are both rifles 75 mm. What kind of cannon are those?

Mr. BEAUPRE: Recoilless rifles.

The WITNESS: Recoilless rifles used principally in an anti-tank role.

The CHAIRMAN: 152 to 156.

*By Mr. Applewhaite:*

Q. Mr. Chairman, this might be a dangerous question but if it is a fair question I would like to ask it. Are the guns other than portable weapons which are being purchased by the navy all for use aboard ship or are some of those purchased for use in shore installations or for harbour protection?—A. Generally speaking, all the weapons other than the hand weapons being purchased for use by the navy really have uses aboard ship. Harbour protection in so far as it is needed or in so far as it is provided by weapons firing from the shore is the responsibility of the army—not the navy.

Q. That would apply even in such naval establishments as Esquimalt?—A. It would apply even in such naval establishments as Esquimalt. As a

matter of fact I had forgotten there are some of these weapons ashore in training establishments both as dummy weapons and some for use on actual firing ranges, but these are not contemplated for defensive use.

Q. I was not referring to training.

The CHAIRMAN: 154 and 155.

*By Mr. Harkness:*

Q. Are these 40 mm. Bofors guns or are they replacements for Bofors guns of an American type?—A. I think, generally speaking, there are only two principal designers of 40 mm. guns. They are the Bofors firm in Sweden and Oerlikon in Switzerland. These 40 mm. guns are of Bofors design, not Oerlikon design. Now, the Bofors gun is a generic term which covers a wide range of varieties but generally speaking this is the Bofors 40 mm.

Q. They are an anti-aircraft gun?—A. Yes.

Q. There seems to be a discrepancy in the price. In 154 you have got 40 guns and 10 mountings, and in 155 you have 8 guns and 2 mountings. In other words, you have got five times as many in 154 as in 155, but the price is only about three times as much.—A. In item 154 the gun is a quadruple-barrelled gun, not a single mounting, and in item 155—I thought these were the singles but I am advised here they are both the same. Now, why the difference in price I don't know.

The CHAIRMAN: Find out, will you, please?

The WITNESS: Yes.

The CHAIRMAN: You will have the answer, Mr. Harkness.

156, 157, top of page 16, 158 and 159.

*By Mr. Harkness:*

Q. What are those 90 mm. guns?—A. Ack-ack.

Q. They are another ack-ack gun?—A. Yes. You mean is it a brand new development?

Q. Yes.—A. The 90 mm. ack-ack gun which has been modified quite greatly to increase the rate of fire and particularly to increase the rate at which it can be brought to bear on the target.

Q. Has it been secured to take the place of our 4·5 heavy ack-ack gun?—A. No, it would replace the 3·7 ack-ack gun.

*By Mr. Stewart:*

Q. On items 160, 161 and 162 all dealing with 105 mm. howitzers, there seems to be quite a difference in unit price. The first item seems to be for \$17,000, the second \$26,000 and the third \$15,000-odd. Can the witness tell us the reason for the disparity in prices?—A. Well, there is obviously a difference between the 105 mm. in 161 and 162, and the 105 mm. which is the normal field gun, and the 195 mm.—

Q. And the 105 mm.—

The CHAIRMAN: No, he refers to 160 and to 162. They are all the same.

The WITNESS: I cannot account for the difference in prices here except possibly the point that Mr. Mackenzie made that different contracts call for different ranges of supporting spares. These are substantially the same guns in each case.

*By the Chairman:*

Q. Mr. Drury, you can find the answer for Mr. Stewart and bring it at the next meeting?—A. Yes.

Mr. STEWART: There is almost a 50 per cent discrepancy in each case.

*By Mr. Harkness:*

Q. Have these 105's been delivered to you?—A. Some of them have, Mr. Harkness, some have not.

Q. Could we get any more information than that?—A. Yes. How many?

Q. Yes.—A. We have 54 of these 105 mm.; in other words, this order has been delivered as the first division.

Mr. MACDONNELL: Could we also have a comparison between the cost of guns in 159 and howitzers in 160? If my arithmetic is right the gun costs about one and a half times as much.

Mr. REID: From the manufacturing point of view, there is no relationship between guns and howitzers. Howitzers are comparatively small, short-range devices, and the bore in a gun is quite a different weapon. They become tremendous things.

The CHAIRMAN: 164 to 166.

Mr. STEWART: I have the same question to ask about 164 to 166. Again there seems to be a big disparity in price. Perhaps Mr. Drury can give the answer at the next meeting.

The CHAIRMAN: All right.

Mr. HARKNESS: 165 and 166 are 155 mm. howitzers being manufactured by Sorel Industries in each case. Have we had any deliveries from them yet?

Mr. REID: No deliveries.

Mr. HARKNESS: Is that item just getting started?

Mr. REID: Just getting under way. That will be the second major artillery weapon being made in Canada then in addition to the naval guns.

The CHAIRMAN: 167, 168 and 169.

*By Mr. Adamson:*

Q. I gather then that all these guns, howitzers and rifles are of United States design. The whole army will be then fitted with U.S. designed weapons?—A. U.S. pattern rifles. In the rifles in the sense of small arms the decision to adopt United States pattern small arms is in suspense. The field artillery and the ack-ack artillery is being converted progressively to U.S. pattern.

Q. Just one question more. You used three terms, "rifles, guns and howitzers," referring to artillery. A rifle, I understand, is a recoilless weapon and a gun is a kind of high velocity gun and a howitzer a high trajectory low velocity article?—A. I would agree with those definitions. The United States have for some considerable time called high velocity guns as distinct from howitzers, rifles. The 155 mm. they called the 155 mm. rifle. We have always referred to it as a gun. In respect of recoilless weapons, however, Canadian custom has taken on the habit of referring to guns of the recoilless variety as rifles. I do not think there is anything too precise about this, it is just a custom that has grown up.

*By Mr. Macdonnell:*

Q. When you buy in the United Kingdom do you adopt a different policy with regard to spare parts? In other words, do you provide yourself with some as an insurance against interruption of communications?—A. In general we would feel compelled to take extensive measures to secure a continuation of a supply of spare parts and replacements in respect of purchases in the United Kingdom to a greater degree than we would in the case of the United States.

Q. But you do not actually at the time of these purchases get an additional amount of spare parts as against purchases in the United States?—A. Well,



it is very difficult, Mr. Macdonnell, to generalize on this. It depends largely on the individual item. Each case has to be considered on its merits. In some instances you can only buy the range of spare parts at the time of the original purchase that the United Kingdom have seen fit to provide. They are not manufacturing any more and won't, so you have to take what you can get.

Q. You say, "They are not manufactured any more and won't." Do you mean at that particular time?—A. At that particular time, yes. Their production is scaled or organized to turn out so many complete components and so many spare parts.

The CHAIRMAN: Top of page 17, flame throwers, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196.

*By Mr. Harkness:*

Q. 194—are these bayonets, knives and scabbards, three items on that?—

A. I will just make sure.

*By the Chairman:*

Q. You are not using those forks, by any chance?—A. This is what we call a bayonet.

*By Mr. Harkness:*

Q. It is the American type bayonet?—A. Yes.

*By Mr. Hunter:*

Q. I would like to ask a question. I have never known of anyone who was bayoneted by a bayonet or who had bayoneted anyone else by a bayonet. By the time you get close enough to the enemy they either have gone or have given up, so you do not get that close. I can see it possible in extreme cases where you could use a bayonet but it is so obsolete that I wonder at it still being preserved.—A. I think, although I am not an expert in military tactics, and I have never put a bayonet into anyone, that most soldiers would agree with me that the effect of the bayonet is more psychological than it is physical.

Q. It is so psychological that we never use it?—A. I think we did.

Q. We used it in one attack and never used it again.—A. By "we" you mean Canada?

Q. No, I am talking of the battalion I was with.—A. I would agree that the bayonet was not too much used in the last war, but I think in respect of the type of warfare where you come into contact with large bodies of the enemy—and generally speaking we did not come into close physical contact with large bodies of Germans in the last war—

Q. Why would you if you have a bullet?—A. They may be coming at you as is the case in Korea.

Q. You shoot them.—A. But you can only shoot so many so fast.

Q. Then you have had it.—A. Then the bayonet is very handy.

Q. Then they shoot you.—A. They may be running out of bullets too.

Q. I am not trying to be critical, but I can never see the utility of the weapon. My experience naturally is limited.

*By Mr. Harkness:*

Q. Have they been effectually used in Korea?—A. They have been.

Mr. HUNTER: They said they had been in various places in the war, but I never seen anybody that had ever seen it.

Mr. HARKNESS: They are very useful for a variety of other purposes.

The CHAIRMAN: Let us not go into that. 196 197, 198, 199. That completes that aspect of it. We will go into ammunition next time. We have had a good full day.

Mr. MACDONNELL: Mr. Fulton, who is now not on this committee, asked if I would ask a few questions. I can either read them or put this sheet in.

The WITNESS: I might say, Mr. Chairman, I think that part of this is in the minutes of the committee already, a long table was produced on construction of these various things and was tabled as appendix L at page 156 of the minutes of the meetings.

The CHAIRMAN: Mr. Macdonnell, I will have Mr. Drury look at these questions and if they are not all already answered and if they are clear enough there will be answers delivered. If they are not plain enough you will be asked to make them clear.

The committee adjourned.

















HOUSE OF COMMONS  
Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

THURSDAY, JUNE 5, 1952

WITNESSES:

Mr. T. N. Beaupre, Assistant Deputy Minister, Mr. H. R. Malley, Director, Ammunition Division, Mr. E. V. Rippingille, Jr., Director, Aircraft Division, Department of Defence Production; Mr. C. M. Drury, Deputy Minister, Department of National Defence.





## MINUTES OF PROCEEDINGS

THURSDAY, June 5, 1952.

The Special Committee on Defence Expenditure met at 11 o'clock a.m. Mr. David A. Croll, the Chairman, presided.

*Members present:* Messrs. Adamson, Benidickson, Blanchette, Cavers, Croll, Dickey, Dinsdale, Gauthier (*Portneuf*), George, Harkness, Hunter, James, MacLean (*Queens, P.E.I.*), Macdonnell (*Greenwood*), McIlraith, Stewart (*Winnipeg North*), Stick, Weaver. (18)

*In attendance:* Messrs. C. M. Drury, W. R. Wright of the Department of National Defence; Messrs. T. N. Beaupré, H. R. Malley, Director, Ammunition Division, E. V. Rippingille, Jr., Director, Aircraft Division of the Department of Defence Production.

The Chairman tabled the following returns marked

*Exhibit T.*—Tanks assigned to 25th Canadian Infantry Brigade.

*Exhibit U.*—.22 Rifle Bracket (Item No. 120, in Canadian Defence Orders tabled as Exhibit A.)

The Committee continued its study of Exhibit A—Canadian Defence Orders.

Mr. T. N. Beaupre was called. He amplified a previous answer relating to Howitzers—Items 160 to 166 of Exhibit A and was further questioned on Items 160 to 199.

Mr. H. R. Malley was then called and examined on Items 200 to 399 concerning ammunition.

Messrs. Drury and Beaupre were also jointly examined on expenditure for ammunition.

Mr. E. V. Rippingille Jr., was then called and questioned on Items 67 to 74 dealing with aircraft.

In reply to Mr. Macdonnell, the Chairman said that copies of formal contracts, etc., concerning capital assistance, will be tabled as soon as possible.

The Chairman announced that on Tuesday, June 10, the Committee would, as agreed following the Fifth Report of the Sub-Committee on Agenda, consider barrack stores and relevant items.

At 1 o'clock p.m. the Committee adjourned to meet again Tuesday, June 10 at 11 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*





## EVIDENCE

JUNE 5, 1952

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. I am tabling answers to questions. There is an answer to a question asked by Mr. Fulton on June 3, re tanks assigned to 25th Canadian Infantry Brigade. I have also an answer to a question asked by Mr. Harkness on June 3 re .22 rifle bracket, item No. 120 in Canadian defence orders, tabled as exhibit A. These answers will be marked exhibits T and U.

Mr. MACDONNELL: What about my teapots?

The CHAIRMAN: We are getting to that. On Tuesday next our meeting will be taken up with barrack stores and other equipment. I am told that information will be available at that time. The meeting will be devoted to that.

Gentlemen, at the last meeting there was some question of the comparative costs in items 160 and 161, and 163, 165 and 166. Mr. Beaupre will give us some information on that now.

**Mr. T. N. Beaupre, Assistant Deputy Minister, Department of Defence Production, called:**

The WITNESS: Mr. Chairman, the howitzers purchased from the United States government, in item 160, come to an average price, according to this tabulation, of approximately \$17,200. The cost of the same type of equipment at Sorel Industries, shown in item 161, is estimated at \$25,300. There is obviously a difference here. The Canadian equipment may cost more than the United States equipment, and I think there are a number of reasons for that. One is that the United States equipment was manufactured—I tried to trace the actual date of manufacture but I could not get the exact date—somewhere around 1945, 1946, 1947, whereas the Canadian equipment is not yet manufactured. It will be current production and it has not yet been produced. It might be of interest to add that United States prices and price trends for these 105 howitzers show an increase something along the following lines: production cost in February, 1944, was \$11,200. These are United States prices. By October, 1950, the price had gone up to \$14,369. By March of 1951 it had gone up to \$17,243, and current new production in the United States is priced at approximately \$20,000, so that part of this difference can be accounted for by the fact that the guns we purchased from the United States were of earlier production than the guns we will get from Sorel. Even in the United States from February, 1944 until the present time their costs have gone up from \$11,000 to \$20,000.

*By Mr. Stewart:*

Q. But your Sorel price is still \$5,000 more.—A. That is right, sir. This is just one of the reasons I was going to suggest.

Q. Oh, yes.—A. Another reason is that these guns which were purchased in the United States came out of an arsenal which was in production of these guns, whereas we are setting up production in this country for the first

time for this particular equipment. This may be the final price for these particular guns, but if we get more volume production it is reasonable to believe that we will also get our price down, and probably there is no question but that in the initial guns we will be paying for some premium—I think probably it will turn out to be a small one—for having this facility in Canada, and it may turn out that it will be a very useful facility to have. A third point I would like to make is one which has often been mentioned in connection with this whole presentation. These are estimated prices and this is particularly true of production which is not under way—it is under way, but the guns are not yet produced—and, consequently, that figure of \$25,300 can only be the best estimate we could make of the price prior to this compilation of information on the defence orders, which was done at the turn of the year. We think we may better that price by a little bit. It is still premature to say. I would not like to make a firm estimate now, but I think there are three main reasons, one, that production costs in the United States have increased and that if we had got the guns from the new production in the United States they would cost more than \$17,000 each; secondly we are taking it out of a new arsenal, and, thirdly, this \$25,300 is only an estimate.

Q. Is there a crying necessity to manufacture 105 mm. howitzers in Canada? From the long range point of view would it not be better to let the Americans manufacture them and for us to purchase from them, and let us concentrate on something else? There certainly is a big difference in the price of a unit there, which adds up to a lot of money when you have to buy 300 or 400 howitzers.—A. If we went now to buy from the new United States production, the cost would be approximately \$20,000 each at their arsenal, not including the packing charges and not including transportation charges. Their price now would be something in excess of \$20,000.

Q. Yes, but not so much in excess as this. I do not see why we should pay \$5,000 more in Canada for these howitzers when we can buy them more economically from the United States.

Mr. HUNTER: Mr. Chairman, is that not a question of policy? We might say the same thing with regard to motor cars, that we should buy our motor cars from the United States and get them at the American price.

Mr. STEWART: That is not a good argument. We are buying a good many more automobiles and howitzers. The number of howitzers would be limited. I remember asking the same question a while ago in connection with tanks, asking whether we could not manufacture them in Canada. The answer was, it would be too expensive. Now, does that not also apply to these howitzers? It may be a matter of policy on which the witness cannot answer, but if it is a matter of policy we should know it, and that could be taken up on the floor of the House.

The WITNESS: There is one more comment I might make, Mr. Chairman. I do not think it is fair just to consider these 138 howitzers. This work is being done at Sorel Industries Limited and I think you have to take into account all the production that goes into Sorel Industries Limited in order to get certain things we must make there, and if you do not use that plant to the best advantage—you might take one or two orders away from Sorel Industries and say that they should be placed elsewhere, but I think there is a strong argument in favour of using the facilities that are at Sorel. Sorel is doing an excellent job with naval guns, and if that facility is there, and if we are going to maintain this very useful facility in Canada, I think it is rather difficult to judge each individual order on its merits and say that order should be placed elsewhere.

Mr. McILRAITH: There is a question of policy, of providing production capacity in this country.

The CHAIRMAN: Mr. Stewart realizes that. He said it may not be in the witness' field to answer the question, in which case it will be a matter to take up on the floor of the House.

Mr. MACDONNELL: But the witness has made an argument on that.

The CHAIRMAN: The witness is entitled to present the facts. Beyond that it is not his function to express opinions.

Mr. MACDONNELL: He has expressed an opinion.

The CHAIRMAN: He has given us the facts.

Mr. MACDONNELL: I am not saying it is good or bad, but he certainly made an argument and I would like to ask a question regarding it.

The CHAIRMAN: Let us hear your question.

Mr. MACDONNELL: He makes the argument that we perhaps should buy more from this plant than we otherwise would in order to keep the plant occupied, because we need it for other things. Well, that surely raises the question (a) whether the plant is being fully occupied and (b) whether we are getting other things at an especially good price. The argument seems to me to be most unconvincing if it stands alone, so I ask this question: Is Sorel Industries fully employed with war work, and, secondly, how do the prices of other articles compare?

The CHAIRMAN: Can you answer that question, Mr. Beaupre?

The WITNESS: I can make an attempt at the answer. Mr. Chairman, I hope I did not say that this particular order was placed there simply to fill up Sorel Industries Limited. The point I was trying to make is that it is rather difficult to judge the propriety of placing any one order with them. I think you have to look at the overall function of the gun plant rather than one particular order that might well have been taken out. Now, with regard to your other question—

Mr. MACDONNELL: Could I interrupt there?

The CHAIRMAN: No, no, let the witness follow his trend of thought. Let him finish his answer.

The WITNESS: With regard to the other, I must admit that I cannot answer firmly whether or not Sorel Industries is occupied to capacity. At the moment they are not in full production of many of the items which they now have under way. I think it is probably fair to say at the moment they would not want to take on many more large projects. I think they could probably take on a small job if it would fit in with their work, but I would think that Sorel Industries is pretty well occupied at the present time, recognizing that it is not in full production but is getting ready. They are in the tooling-up stage on several projects.

Mr. MACDONNELL: Mr. Chairman, the witness made one comment which I think is a fair comment—that we should not judge this by one order—but I think it understates the question or position if you take the over-all orders.

The WITNESS: With regard to that, I do not think anyone at the moment can make a firm reply, because production is, as we say, not really running. The first guns out of there are being produced this month and until we get better figures I do not think we can come up with firm production prices, and if we cannot come up with firm production figures for a number of months it is very difficult to compare cost of production at Sorel with what is now available in the United States. If it is a question of taking each of the guns that are now being produced at Sorel and trying to find out exactly what they would cost if we got them from the United States, and finding out what that discrepancy is, we could do that, but I have not got all those figures in my head.



Mr. STEWART: Is Sorel making these howitzers solely for Canadian use or making them for allied use as well?

The WITNESS: The 105 mm. howitzers at the present time, to the best of my knowledge, are strictly for Canada. We are going to go on to the 155 mm. howitzers later on, and the 155 mm. is not simply for Canadian requirements.

The CHAIRMAN: You also told us yesterday, did you not, that the 3.5 mm. naval gun was for use by NATO forces?

The WITNESS: For the United States.

Mr. BENIDICKSON: That subject of the utilization of the plant arouses my curiosity, because a representative of your department the other day was quoted in our district papers as saying with respect to placing defence orders the department has a policy of not placing with any one plant an order that is more than 10 per cent of their normal production, for the purpose that they do not want any plant to be relying too much on defence work. Now, what are the exceptions to that?

The WITNESS: I hope, sir, he was misquoted. I do not know of that policy. I have never heard of it.

Mr. McILRAITH: This is a gun plant we are speaking about now.

The CHAIRMAN: What have you to say, Mr. Beaupre, with respect to the 155 mm. howitzers?

The WITNESS: The first thing I would like to say is that in item 163, unfortunately, there is a typographical error. The figure \$559,526 should read \$599,526 in both columns. That is a typographical error. Now, if we could take items 163 and 165, there is an apparent discrepancy there again in favour of the United States Production. I think United States production in item 163, costs \$33,308, and in item 165 it is roughly \$41,300. Here again, the same comments apply as applied to the 105 mm. howitzers. In the United States the 155 mm. howitzer's costs of production in February, 1944, were \$20,000; in October, 1950, \$27,700; in March, 1951, \$33,307, and current new production is \$35,000, so that on these 155 mm. howitzers United States production costs in 1944 were \$20,900, and currently are \$35,000.

It is interesting to note that on twelve months spares which we queried in March, 1951, and which they told us would be \$1,700, just recently when we queried the same order it was \$5,115. The point I am trying to make is that we received advantage of these lower costs when we bought these guns, but if we had to meet their new production costs, the advantage in the United States would not be nearly as much as it now appears.

Again there is the second reason that we are into new production at Sorel and the third thing is again that is our estimate and we do not know what are the Sorel prices. We won't know until things are further advanced.

There is a further discrepancy which I am afraid is a big discrepancy in item 166. That is the 180 howitzers which are for NATO again, and you will note that the actual vote covering mutual aid is under the Department of National Defence. In the production, however, for NATO account, requisitions for new production are raised by the Department of Defence Production. Consequently, when it has been decided by government that an item shall be made available as mutual aid, the Department of National Defence gives us a financial encumbrance which earmarks a certain amount of this mutual aid vote which we can use for new production.

In the fall of 1951 the Department of National Defence made available to us funds for new production and after one or two items were looked after there was \$3,960,000 left for the howitzers. If you divide 180 into this \$3,960,000 it comes to about \$22,000, which is obviously much too low and we realized at

that time it was too low and that there was not enough money transferred from the Department of National Defence to Defence Production to handle these 180 howitzers.

As you note, we have not done anything in this matter yet. Production is still in the future and we have not gone back to the Department of National Defence to have additional funds transferred to us which will probably be necessary to pay for this order.

When this compilation was prepared the statistical clerks who drew the information from the files immediately saw there was only \$3,960,000 in the Department of National Defence requisition. They put that down as an estimated value of the contract. Now, as I have explained before, in many of these instances the only way we can get estimated values is from the requests received from the Department of National Defence. So this is misleading. There will have to be additional moneys transferred from the Department of National Defence to Defence Production in order to bring this up to something more in line with the unit costs that are shown in item 165.

The CHAIRMAN: Gentlemen, that is the explanation and the information.

We are now at the top of page 20. Mr. Malley is here for the purpose of giving you any information you require with respect to any of these items.

**Mr. H. R. Malley, Director, Ammunition Division, Department of Defence Production, called:**

The CHAIRMAN: Item 200 is the first one and we will go on to 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212; page 21—213 to 216 are the same; 217, 218, 219, 220 are the same; 221 and 22, page 22.

*By Mr. Benidickson:*

Q. Isn't there any comparison between the costs of Canadian Arsenals Limited for these items and some outside firm, or does anybody else supply these items?—A. No, I have no comparisons at all.

*By the Chairman:*

Q. Any other Canadian suppliers?—A. No, there are no other Canadian suppliers. It is all Canadian Arsenals.

*By Mr. Harkness:*

Q. Items 217 to 22, you have a star there, and it says:

"This order was suspended before detailed estimates of costs were made."

Does that mean none of these orders were actually placed?—A. No, they were actually placed, but they were suspended on account of the small arms situation as to what size Canada is going to adopt.

Q. By "suspended" in that case it does not mean cancelled?—A. No, not cancelled, but they have been suspended. There has been no work done on that.

The CHAIRMAN: Held in abeyance or suspense.

*By Mr. Harkness:*

Q. The contract has been let but the production is being held up for future orders?—A. That is right.

The CHAIRMAN: 222 down to 232.

Mr. MCILRAITH: May I interject at this point, Mr. Chairman; if any of the hon. members are going to the Canadian Trade Fair there is an exhibit of the

Canadian Arsenals there and they might be interested in looking at some of these items.

The CHAIRMAN: Anything we can buy from them?

Mr. MCLRAITH: I do not think there is anything you could buy but a good deal of this material is on exhibit there.

*By Mr. Cavers:*

Q. Mr. Chairman, on item 232 I see where we are buying cartridges from the Sehl Engineering Limited, a Canadian firm, but in 231 we are purchasing from the United Kingdom government. Are those the same type of cartridges?—A. No, sir, they are not the same. One of them is drill cartridges. It is not an artillery cartridge.

Mr. ADAMSON: Might I ask the witness what are the sizes of weapons on which we have not been able to reach an agreement on standardization?

The CHAIRMAN: He is not qualified to answer that; it is not part of his duty. He is a procurement officer.

Mr. ADAMSON: Some of these are held in abeyance and some are obviously in production.

The CHAIRMAN: We will have to have another witness tell us that.

Mr. MACDONNELL: Couldn't the Deputy Minister of the Department of National Defence answer it?

Mr. DRURY: Generally speaking, Mr. Chairman, they are what is recognized as small arms, hand weapons of the army, navy and air force. These are the rifle, the light machine gun, the medium machine gun, pistols, revolvers and carbines. These 20 mm. and 40 mm. are above the small arms category and are not currently being discussed.

Mr. ADAMSON: Will we be able to then make agreements with our allies about standardization with regard to 20, 40 and anything above the small arms or have we?

Mr. DRURY: In some cases standardization has been agreed to, in others it has not, but the small arms field is apparently the only one where there is a major project to achieve standardization for new development. This was precipitated perhaps by the recognition in the United Kingdom that they should have a new small arm. The .303 Lee-Enfield rifle was not sufficiently up to date to meet the needs of a possible future war and the whole family of .303 weapons which includes the rifle and the light machine gun and so on is the one currently under intense examination.

Now, there are continuing standardization discussions in respect of all the other families of weapons but as far as Canada is concerned there has not been the same suspension of procurement.

*By Mr. Benidickson:*

Q. Is item 226 produced in the U.K.—QF, 40 mm., HE? It is \$6,988,240. Is that an article included in British production?—A. Yes, that is the same as produced in the U.K.

Q. Any information on United Kingdom costs on that item?—A. No, we have not.

Mr. HARKNESS: On that point, the QF 40 mm. HE are equipped with tracer in this case. This appears to be considerably cheaper than the ones secured from the Canadian Arsenals.

The CHAIRMAN: What are you comparing it with?

Mr. HARKNESS: I am comparing it with item 226.

The CHAIRMAN: Comparing items 229 and 226?



Mr. HARKNESS: Yes, they are both HE shells but the British one is in addition equipped with tracer and they seem considerably cheaper than the ones produced by Canadian Arsenals in item 226.

Mr. DRURY: On item 226, Mr. Harkness, there are cartridges of two types and charges and fuses all lumped together at only one price, and each quantity is different. In the case of item 229, there are only cartridges, not the shell, but merely the cartridge for firing tracer shells. In fact, the cartridges bought from the Canadian Arsenals will be for tracer bullets too.

Mr. HARKNESS: The point is the price seems to be nearly twice as much. You have 481,000, 100,000, that is 581,000 rounds of this 40 mm. HE and then there are only 9,000 charges and percussion fuses which would bring it to about the same price as this one equipped with tracer secured from the United Kingdom.

The CHAIRMAN: Mr. Beaupre will look into that and see what answer he can bring to the committee. Items 234, 235, top of page 23. The items to 240 are the same. Then 241 and down to the bottom of the page are 75 mm. weapons. The top of page 24 still 75 mm. Now, we come to 257, which is 76 mm., and 259, 81 mm. That continues to the top of page 25. 265 gives you the 93 mm. with and without smoking fuse. Then on to 275. Then at the top of page 26, 105 mm. to 287.

Mr. HARKNESS: Items 265 and 266—there seems to be a discrepancy in the price there, a very considerable discrepancy.

The CHAIRMAN: We will have to bring you an answer to that, Mr. Harkness.

Mr. McILRAITH: Isn't that cheaper with the larger quantity?

The CHAIRMAN: What is the difference in price?

Mr. HARKNESS: The difference in price would be 62,000 at \$3 million, and 118,000—

Mr. McILRAITH: No, 243,000.

The WITNESS: I doubt very much if those two amounts are properly proportioned because both of those orders will come through at the same time. They are being tooled up now.

Mr. McILRAITH: There are two amounts.

The CHAIRMAN: Yes, I think you are quite right, Mr. McIlraith.

Now, the top of page 26, 105 mm., and that covers items from 276 to 287.

*By Mr. Harkness:*

Q. On this other item, if we are going to get an answer to it we might have 265, 266 and 267. We get these same shells 90 mm. from Canadian Arsenals and there seems to be a discrepancy in the price of those or at least between 267 and 266.—A. Items 265 and 267 are probably separate contract demands. Now, as far as the securing is concerned they will all come through at the same time. They are all ordered from the one source and the price will cover these items whatever it is. I do not know if this proportion they have in here is correct. I doubt whether it is. I think you have got to take the three items together as to cost.

*By Mr. Adamson:*

Q. Before we leave ammunition, first of all I would like to ask the witness: these are all conventional projectiles, I gather, that we have been dealing with up to now, that is, they are fired by one impulse. There are no rockets or anything of that nature?—A. No, they are all artillery.

Q. Then I would like to ask Mr. Drury—I am sorry to be harping on this business of small arms and standardization because I believe it is of enormous importance. I think the committee should be interested in it and that is if our experts could express any opinion about 280.

The CHAIRMAN: It is not Mr. Drury's job, to give us opinions on policy matters. Surely that is not within the scope of this committee. That is a matter for the minister to express an opinion on. The question should be asked of the minister.

Mr. ADAMSON: That is your opinion, Mr. Chairman. I appreciate that opinion, but I ask this one question of the production of small arms which is so important and so vital that possibly Brigadier Drury might like to make a statement himself. If he does not I appreciate it both ways.

Mr. STEWART: On items 276 and 277 at the top of page 26, they are two similar items and there seems to be a big spread there.

Mr. BENIDICKSON: 276 and 278, are they identical items? If that is so, we are going pretty fast and I have not done the division, but if somebody could do the division—

The CHAIRMAN: We will do the division.

The WITNESS: According to item 277, it does not mention fuses. So they would not be similar items.

*By the Chairman:*

Q. Are items 276 and 278 similar?—A. Yes, they are similar.

Mr. BENIDICKSON: That compares Canadian Arsenals prices with American prices.

The CHAIRMAN: Someone compute the unit price. Come on, Weaver; get busy.

Mr. WEAVER: That is about \$50 on the first one and about \$38 on the second one.

Mr. BENIDICKSON: Both orders placed at the same time?

The CHAIRMAN: Both orders placed at the same time for the same items within two days, one at \$50 and the other at \$38. How do you explain that?

Mr. McILRAITH: Don't you have to look at appendix A of Canadian Defence Orders?

The CHAIRMAN: What does this appendix A say?

Mr. McILRAITH: Doesn't Appendix A of Exhibit A explain it? I think it covers the point.

The CHAIRMAN: There is the answer.

Mr. BEAUPRE: Item 278 is one of those items on which we have no really estimated a price, but it is one of those which are covered in appendix A and one of the bulk equipment purchases from the United States for which arrangements have not yet been made to locate funds for each and every item.

I might say we have been pressing the United States authorities to get on with this and clear it up, but apparently they have great confidence in our credit, but we will have to get together with them and have this finalized. As you will notice, as far as this return is concerned, we just cannot put an expenditure down against that amount.

Mr. STEWART: How did you estimate that amount?

Mr. BEAUPRE: I do not know whether Mr. Drury has more detail on this than I have, but my understanding of this whole purchase from the United States when the big bulk purchase was being made was that officers both from our own department and the Department of National Defence carried on long negotiations with the Americans.

Some of the equipment we got from them or, may I say, that the equipment we got from them was priced on different bases. Some of the equipment we got under their Act they were to give us at cost price. Others under their Act they could give it to us at a percentage of cost—it was surplus to their purposes and it was quite a problem costing all this material that was obtained from the United States.

They are bound by their own legislation and we are getting better prices in many instances than we could have on production costs. A lot of this material is surplus and we cannot finalize this appendix A (Canadian Defence Orders) until we can sit down with the United States officials and get exact prices on each and every item. We are not able to figure exactly what everything will cost. We know in many cases we are going to get the cost price and in many instances the Americans have been able to give it to us at 20 per cent or 30 per cent off cost price.

*By Mr. Benidickson:*

Q. Do you know at what level these things would be produced in the United States? Is it a government plan?—A. They do not tell us where they are going to get them from.

The CHAIRMAN: Then 105's. 289. That continues on from 289 to item 297. Then item 298 (3"/50 calibre) to item 301. Then to 4".

*By Mr. Benidickson:*

Q. Are items 298 and 300 for the same article?—A. 298 and 300 look to be the same.

Mr. DRURY: 298 represents in part 3"/50 HE cartridges which are regular cartridges and also included in this order are 17,000 practice cartridges which are cheaper than the operational cartridges, and also together with fuses for these cartridges whereas item 300 does not include—

Mr. BENIDICKSON: I see that now, but is there any record to show the actual cost of the first item on 298 and compare it with the United States government cost in 300? I note that this is not subject to schedule A. What I am concerned about is that we have very few items on which we can make a comparison of the production costs of our Crown company with the manufacturing costs in other countries.

Mr. BEAUPRE: I think, Mr. Chairman, we can get that information; in other words, the current cost of production of the cartridge QF 3"/50 from Canadian Arsenals and from the United States.

Mr. MCILRAITH: When you do get it it is not going to mean very much because one comes from stock in hand and the other new production.

Mr. BEAUPRE: If we can get new production costs in the United States that is what you would want.

Mr. BENIDICKSON: That is all I was concerned with.

Mr. BEAUPRE: I would suggest that this compilation here is not really the basis for making the comparison you are looking for because in many cases we are buying out of stocks in the United States and new production in Canada and if we get it out of new production in the United States it might be different.

Mr. BENIDICKSON: You will give us the information?

Mr. BEAUPRE: Yes.

Mr. MACDONNELL: I notice that some of these shells are smoke and some do not have smoke. Is the projectile different? What does it mean?



Mr. DRURY: The projectile is different. In so far as possible it has the same ballistic characteristics, but it is not fitted with high explosive or an explosive fuse.

Mr. MACDONNELL: But ballistically it is supposed to give you the same result?

Mr. DRURY: Yes.

Mr. STEWART: Mr. Chairman, are items 291 and 297 the same?

Mr. DRURY: They are the same article, Mr. Stewart.

*By Mr. Stewart:*

Q. And again there seems to be quite a spread in unit price there, isn't there?—A. Well, in the case of 297, that is just an estimate; it is not an actual price. They are not yet in production.

Mr. STEWART: All the prices from Canadian Arsenals seem to be very much more than the prices we pay to the United States government assuming we are not paying surplus prices in the United States.

Mr. HUNTER: Mr. Chairman, I do not think it can be overemphasized that in many cases we are buying United States stock from 1944 when they were producing countless rounds at lower cost, not only lower costs of material, but also cost of production at that time and until we have comparative figures on their production today for new stuff of our own I do not think it is a fair thing to do to compare them.

The CHAIRMAN: Mr. Beaupre stated he would obtain some figures on current production.

Mr. STEWART: I would like current production prices on these items.

Mr. BEAUPRE: We will get those prices if we possibly can on current production.

The CHAIRMAN: 302, cartridges 4". That continues on from 302 to 308 and 309 is 4.5", 310, 311, 312. 312 is 5.5", and 313, 314, 315 and 316 are the same. 317, 318, 319 and 320 are the same, 17 pounders anyway, and 321, 25 pounders and that brings us to rockets.

Mr. ADAMSON: Mr. Chairman, these are U.K. type 25 pounders, are they, for our own weapons, or are they for NATO or are they for replacement?

Mr. DRURY: Mr. Chairman, could I ask precisely which ones?

Mr. ADAMSON: Well, here we have 25 pounders, items 319 to 322.

Mr. DRURY: These are for weapons held by Canada. We have a considerable number now of 17 pounder anti-tank guns and 25 pounders, and ammunition must be provided for these as long as we have them, both for operational use and currently for training.

Mr. HARKNESS: It would appear just at a casual look at these prices from the United Kingdom government for these shells of somewhat comparable size, that they are considerably cheaper than the American price. Now, I see 5.5—

The CHAIRMAN: Please wait just for a moment. Put that question to Mr. Beaupre. Is that your experience, Mr. Beaupre?

Mr. BEAUPRE: I think that statement is too general for me. I wonder if Mr. Harkness would mind picking out an example?

Mr. HARKNESS: If we take these last two, 321 and 322, and compare the price there of the 25 pounders with the 105 back further, the price for the 25 pounder ammunition seems to be much cheaper than for the 105.

The CHAIRMAN: They are a different weapon.

The WITNESS: You cannot make any comparison there.

The CHAIRMAN: That is the elephant and the rabbit.

Mr. BENEDICKSON: Certainly an orange and a grapefruit.

Mr. HARKNESS: The 105 and the 25 pounder are comparable, as far as weapons are concerned.

The CHAIRMAN: Let Mr. Drury answer.

Mr. DICKEY: One is shells and the other cartridges.

Mr. DRURY: As Mr. Dickey points out, 321 and 322 are standard cartridges and cartridges blank. Now, it is quite difficult to compare those with a complete shell.

Mr. MACLEAN: May I ask a question, to go back, for comparison? Items 292 and 294 are both supplied by the United States and as far as I can see they are identical, but the price seems to be different.

Mr. ADAMSON: \$36 for 292 and about \$72 for the other against \$36.

Mr. DRURY: The orders were placed at different times.

Mr. BEAUPRE: Mr. Chairman, the only way we could give any satisfactory answer would be to check those files. We can give guesses but we do not know.

The CHAIRMAN: We will check the files, Mr. MacLean, and have an answer in time.

The WITNESS: The description there might not be sufficiently wide enough.

The CHAIRMAN: The top of page 30.

Mr. STEWART: 323 and 324 are similar items, apparently, there seems to be a spread of about \$8 between the California price and the Canadian Arsenals.

The CHAIRMAN: That is a difference on the orders of \$8?

Mr. STEWART: Yes, approximately, per unit.

The CHAIRMAN: June 1950, October 1951. Would that be the explanation, then?

Mr. STEWART: It might be, but I don't know.

The CHAIRMAN: From what Mr. Beaupre has been telling us, I think things have been going up in the United States as opposed to our drop in the cost of living in this country. I had to get that in. Can you answer Mr. Stewart's question?

Mr. STEWART: You can answer me later.\*

The CHAIRMAN: All right. 324, 325, 326 down to 331 are 3.5. Then we are over the—isn't anybody going to ask a question on what saddles are for in the estimates? Apparently not. 333, 334, 335, 336 and 337 to 340 are the same, 341 and 343 appear the same, 344 and 345, 346, 347 and 348 appear the same, 349, 352, 353, 354 and 355, 356, 357.

Mr. MACDONNELL: If "T" cutters is not a secret, can I ask about that?

Mr. DRURY: "T" cutters are not affected by security considerations. This is the cutting arrangement for a cable used for sweeping mines and it is the device which cuts the cable which moors the anti-ship mine in place.

Mr. ADAMSON: There used to be what is called a paravane.

Mr. DRURY: Well, a paravane is the article which positions the cable and attached to the paravane is a "T" cutter. The cable of the mine is cut by the sweeping line dropping down and which rises to the surface when everything is complete.

Mr. MACDONNELL: I see you have a "T" device and it has an explosive head. Do they both work together?

Mr. DRURY: The ordinary steel wire cable, if it is used to moor a mine, can be cut by a metal cutter which operates like a large pair of metal cutting

shears. Sometimes, however, the mines are moored by steel chains and the cutters won't operate against them. If it is in fact a chain and the cutter cannot cut it, then an explosive head will blow this chain and sever it.

Mr. ADAMSON: Blow the chain and destroy the mine at the same time?

Mr. DRURY: It depends on how far away from the mine the cutting operation takes place. If it is very close to the mine the detonation might be sufficient to blow up the mine under water, in which case you blow up your paravane and everything else, unfortunately, but if the cable is contacted half-way down, it would merely sever the chain so the cable and the mine being lighter than water would float to the surface and be destroyed on the surface.

Mr. MACDONNELL: Then that means if the cutting device fails the other comes into play?

Mr. DRURY: That is right.

Mr. STEWART: In 352 and 353 again there seems to be a big disparity in price. Can we get an explanation of that? They are both about \$40 a unit, apparently.

The CHAIRMAN: Isn't that the same thing, \$61,600 in each case? You are looking at the expenditure side.

Mr. STEWART: 1,800 of one and 2,400 of the other.

The CHAIRMAN: Mr. Beaupre will take a note of that. Items 357 and 358.

Mr. STEWART: What is the use of 6,000 "grenades, hand, riot"?

The CHAIRMAN: That is a mere nomenclature. I remember one time in Windsor as mayor I saw that same thing presented to me when the police bought a few tear gas grenades for practice purposes. When I saw the term "riot" I took the same view as you did, but I was told that is just a term.

Mr. ADAMSON: Are they tear gas bombs?

Mr. DRURY: Tear gas, lachrymatory.

The CHAIRMAN: 359, 360, 361, 362 and 363, 364, 365, 366, 367, 368, 369, 370, 371, 372 and 373, 374, 375, 376 to 387.

Mr. BENEDICKSON: Are 376 and 377 the same article?

Mr. DRURY: Yes.

Mr. ADAMSON: Mr. Chairman, with regard to—

The CHAIRMAN: Just let us finish that question.

Mr. BENEDICKSON: I was wondering where that slide rule was. 376 and 377.

Mr. ADAMSON: 376 about \$48 apiece and 377—

The WITNESS: You cannot make any comparison there, gentlemen. We do not know what fuses they are.

Mr. BENEDICKSON: I was told this was the same article.

The WITNESS: I do not think so.

Mr. DRURY: I apologize for that. I did not mean they were essentially the same article.

The CHAIRMAN: It turns out that it is not the same article. 376 to 387, 388, 389, 390, 391 to 396.

Mr. STEWART: 394 and 395 apparently are similar and they were both ordered on the same day so there is no cost of living in there. There is a discrepancy in price. Perhaps there should be a reason. I would like to find out.

The CHAIRMAN: Mr. Beaupre will take note of that. 396, 397, 398, 399, 400. That is the end. Now, we are back to aircraft.

Mr. ADAMSON: Could I ask one question before we leave these propellants? I gather in the case of things made by the Hand Company and others they were let, I presume, on contract. Were there other manufacturers who bid on these contracts or is it "force majeure" that we have to?



The WITNESS: Unfortunately there are no other contractors.

*By Mr. George:*

Q. On 398 I wonder if the witness could tell us what this "cartridge, electric, engine starter" is?—A. I am afraid I cannot tell you, not on this one.

Mr. STEWART: On page 35, Mr. Chairman, could we have the reason why many things go to the inspection services?

Mr. McILRAITH: Can't we have an answer to the previous question first?

The CHAIRMAN: Just a moment. We may get an answer to "what is the engine starter."

Mr. DRURY: These cartridges are used to start aircraft engines in somewhat the same way as compressed air is sometimes used to start stationary diesel engines. Instead of hand cranking which with a heavy aircraft engine aboard ship is impracticable, a cartridge which is merely charged is fired to give the initial impulse to turn it over. It is fired from the cylinder. It would not be practical to start it by hand; this is a much faster method.

Mr. STEWART: Why are so many items charged up to inspection services?

Mr. DRURY: Inspection services require for testing purposes a number of items of all the articles to be tested and one has the choice of either taking a given number of a total order for testing and consequent destruction with the result that the army, navy or airforce would get fewer in the end than they ordered, or having the inspection services themselves order and acquire and pay for the items for testing and destruction so that the service concerned gets its full order in the end.

Mr. STEWART: And these orders are supplementary to the main orders?

Mr. DRURY: That is right.

*By Mr. Benidickson:*

Q. Do they lose anything in price as a result of the smaller order?—A. No, they are placed with the contractor who is making the large order.

Mr. DRURY: They are supplementary to the main order and come out not at the beginning of the line or the end of the line but out of periodic parts of the line.

The CHAIRMAN: We have now turned to page 11.

Gentlemen, Mr. Rippingille is here. He is the man responsible for this particular portion of the Department of National Defence procurement.

Mr. MACDONNELL: Mr. Chairman, before we go into that might I ask a general question? Have we not had any small arms ammunition ordered? Have we got nothing with regard to small arms ammunition?

Mr. DRURY: We have gone through it in the book, Mr. Macdonnell. The small arms ammunition is contained on page 20.

Mr. MACDONNELL: Could you sort of sum up these quantities; could you sum up by describing in some simple way what this means in the way of supply? Is it the ammunition for a division for a month or a year or what?

Mr. DRURY: There are all kinds of ammunition here for the three services. In the case of the army, which I think perhaps is what you have in mind, the counterpart ammunition to meet the two divisions' worth of equipment was ordered from the United States. All the deliveries were made of substantially one division's worth before the further procurement of small arms ammunition for the army was suspended.

Mr. MACDONNELL: Do I understand when you use the word "counterpart" is there a well recognized amount that represents the counterpart and, to

continue my question, does that mean that before the order was suspended as you have described it, we had ordered enough for what is considered the counterpart for one division?

Mr. DRURY: Two divisions.

Mr. MACDONNELL: Two divisions?

Mr. DRURY: The ammunition required to go with these two divisions was sufficient to carry out training and familiarization on these weapons and to carry us through in that until such time as Canadian production for the various items which were to be manufactured in Canada could come into operation.

Mr. MCILRAITH: It was purely a training order. You said to carry through training.

Mr. DRURY: The training order and some known as "first line ammunition" for the operational holdings. Now, ammunition holdings are divided into three echelons. There is first line which is the ammunition held and carried by the division—

Mr. MACDONNELL: And which would be good for how long in action?

Mr. DRURY: It would depend on the intensity of the fighting. It is a little hard to say in days, hours and minutes.

Mr. MACDONNELL: People like yourself who have been through recent fighting might have some idea.

Mr. DICKEY: On a point of order, I do think we are getting pretty close to the line here on going into holdings and are not really concerning ourselves with expenditure and whether or not the money has been properly expended on what we have purchased. I think we should be pretty careful about that.

The CHAIRMAN: They are talking in quite general terms about first line, second line and third line ammunition. That is quite a common term.

Mr. DICKEY: But then they got into the question about how long that would last.

The CHAIRMAN: Mr. Macdonnell mentioned that but it does not convey anything because Mr. Drury answered that it depended on the intensity of the fighting. I do not think we have overstepped the mark as yet.

Mr. MACDONNELL: I wanted to know if we had enough on order for ten divisions.

The CHAIRMAN: I have not raised the point of security.

Mr. MACDONNELL: I was getting along fine.

The CHAIRMAN: Well, go as far as you can, Mr. Drury.

Mr. MCILRAITH: The difficulty arose when you got into the detail of how the first echelon ammunition was made up, how it was composed.

The CHAIRMAN: The answer did not give the enemy any comfort, I do not think.

Mr. DRURY: The first echelon is the ammunition carried by the division. The second echelon is the ammunition carried by the troops which normally come under command of corps behind the division and is a reserve. Then there is the third echelon reserve.

Now, the quantity of ammunition of each particular category carried by the division, that is, first line, varies by category and by different units. This is a scale which is determined by the operational people in the army and varies from time to time and is on the classified list. So how much ammunition and how many rounds it represents I regret to say I cannot tell you, but it is generically called the first line.

In addition to that first line there was ordered sufficient ammunition for familiarization and training consumption until Canadian production could start. That was the basis of this provision.

Mr. HARKNESS: Just on that point I think the situation is made quite clear by the figures put in here on page 20. The total amount of expenditures for .30 ammunition is less than \$1 million, and the total number of rounds would appear to be something under \$10 million. That is listed right there and that is all of the .30 ammunition apparently we secured. These large orders for 33 million, 14 million, 16 million, have all been suspended. It is shown on the next page.

The CHAIRMAN: Yes, the figures speak for themselves.

Mr. HARKNESS: I think it is quite apparent from the figures and we can only secure enough .30 ammunition for what you might call essential training services.

Mr. DRURY: And first line.

Mr. MACDONNELL: I suppose even the present without knowledge of the fact of what we have now is enough to go on for a long time?

Mr. HUNTER: First line is enough to go into action.

The CHAIRMAN: He said they had obtained enough for first line ammunition and enough ammunition until such time as they obtained Canadian production.

Mr. MACDONNELL: Colonel Hunter, I think, put it very well when he said, "enough to go into action."

Mr. DICKEY: These are matters the minister will have to deal with and not this committee.

Mr. HARKNESS: Until we go into the Canadian production actually no plan has been made so far to go into Canadian production. No "decision" perhaps I should say rather than "plan." No decision was taken and it is held in suspension.

Mr. McILRAITH: All that is before the committee is the fact that actual production and fulfilment of the order is held in suspension.

Mr. HARKNESS: I should not have used the word "plan." I should have used the word "decision."

The CHAIRMAN: Gentlemen, I do not know what the committee is getting at but everyone is obviously overlooking a very important matter which I do not think should be discussed at this meeting. The government has ample holdings of ammunition. Let us get on to 67. Mr. Rippingille is our witness.

**Mr. E. V. Rippingille, Jr., Aircraft Division, Department of Defence Production, called:**

Mr. STEWART: On item 67, Mr. Chairman, could we have the unit costs of the T-33A aircraft supplied by the United States government?

The CHAIRMAN: He says he cannot give it from what he has before him.

The WITNESS: That figure there includes spare parts, engines, and a great lot of miscellaneous equipment.

Mr. STEWART: Could you find out for the committee at a later meeting what the unit cost was of purchases from the United States government and we know what the costs are from Canadair?

Mr. BENIDICKSON: Do we know the costs from Canadair?

Mr. STEWART: Apparently we do not know the cost of anything. It is all estimated. We must know the cost of something.



The CHAIRMAN: It is not like buying groceries from Loblaw's, you know.

Mr. STEWART: We are not buying groceries either.

The CHAIRMAN: These are new productions and they are starting to buy them in this country.

Mr. STEWART: It is ten months ago.

*By Mr. Adamson:*

Q. The estimated cost of that is about \$210,000 apiece and the other is about \$245,000. The Canadair are \$210,000, which I gather with the first item which is \$67,000 includes the cost of engines and spares. I suppose there are five spare engines then for every trainer aircraft?—A. Yes.

Mr. HUNTER: I think if we are going to get those figures we should make sure if it is for a new production line or whether they come from stock on hand.

The CHAIRMAN: Mr. Beaupre will attempt to obtain it.

The WITNESS: These T-33A aircraft are new production and that is the maximum number that we can buy from them.

*By Mr. MacLean:*

Q. According to item 68 we are going to produce our own training type aircraft now, are we?—A. I would not say all our training type aircraft but we are going to produce the T-33A jet trainer.

*By Mr. Benidickson:*

Q. I notice under item 68 there had been no expenditures up to January 31, 1952. Have there been any expenditures to date?—A. The only expenditures so far have been for engineering and tooling.

*By Mr. Harkness:*

Q. In other words, the contracts have been placed for 576 of these T-33A aircraft but we have none of them?—A. We have received none.

*By Mr. MacLean:*

Q. Of these 576 in item 68 can you state in very general terms what sub-components of these aircraft have to be sub-contracted for in the United States—instruments or engines or anything of that sort? Will there be any hold-up in production because components which are manufactured in the United States only will not be available to us and what priority have we got on them?—A. On that score I can assure you that we won't have any hold-ups. As to the exact amount of dollar volume or specific components which are involved I cannot give you an answer at the moment. I will say that the engines are coming from the United Kingdom.

Q. We are producing the T-33A now, they are coming from the production line, are they?—A. No, it is still in the tooling and engineering stage.

Q. Are there any flight engines produced in Canada for this aircraft?—A. Not yet. The plant is under construction.

*By the Chairman:*

Q. Where? If no security is involved?—A. It is the Sperry Instrument Company at Montreal, and there are some others who make some other items—Aviation Electric and some others.

*By Mr. Stewart:*

Q. On 69, Mr. Chairman, it has "government furnished property". What does that mean?—A. It would include armament and some other items.

Q. Such as what?—A. Some instruments. There is a very substantial list here. It is mostly instruments and special controls, armament and things of that nature.

*By Mr. Harkness:*

Q. As I understand it, those instruments are purchased by the Canadian government and then turned over to Canadair for use in constructing this T-33A?—A. Yes.

The CHAIRMAN: 70.

*By Mr. Harkness:*

Q. What are these 900 engines for?—A. The 900 engines are for the T-33A.

Q. They are for this same plane?—A. Yes.

Mr. ADAMSON: That is about \$37,000 an engine.

*By Mr. MacLean:*

Q. So item 68 is for airframes only?—A. Yes.

*By Mr. Adamson:*

Q. Then an airframe alone costs about \$210,000 and the engine costs another \$37,000?—A. The airframe plus all of the tooling.

Mr. McILRAITH: Plus all of the installation of the government-owned property.

*By Mr. Adamson:*

Q. But to that figure of \$120 million for 576 aircraft must be added the cost of two engines?—A. Yes.

Q. That is another \$70,000, bringing the cost of trainer aircraft up to \$280,000.

Mr. BEAUPRE: Mr. Chairman, this arithmetic is probably a little unfair to the plane because you are taking in the whole expense for tooling and engineering and everything else and greater volume will have an effect on this arithmetic.

I am not doubting the accuracy of the arithmetic, but I am wondering if it is fair to the plane to work that out as the unit cost.

*By Mr. Adamson:*

Q. I think that is just the sort of question this committee should discuss. This figure about producing a unit cost is very much above what it will be when the plant gets into operation?—A. Very substantially, yes.

*By Mr. Macdonnell:*

Q. What about government furnished property? What do they mean by that and what does it cost?—A. That is the \$6,655,000. That consists of instruments and armaments, radio and radar equipment, and things like that.

Q. That would be spread over the entire 576?—A. Yes, plus a very substantial amount of spare parts.

The CHAIRMAN: 70.

*By Mr. Dinsdale:*

Q. Mr. Chairman, the price for the T-33A aircraft from the United States government, would that be unit prices without additional expenditure? Would that be the unit price?—A. We do not know what the original complement of tooling was as far as the American aircraft were concerned nor do we know

the tooling increment charged to us in those planes. We are going to build 576 planes in Canada and in the cost of these 576 planes will be a write-off of the total amount of tooling we have had to do to establish production facilities.

Now, any subsequent orders for these types of plane would not have to bear that unit write-off for tooling.

Mr. STEWART: Is this write-off a sort of negative capital assistance?

The WITNESS: Tooling is not capital.

Mr. STEWART: But it is still money.

The WITNESS: Yes, it is still money but we do not classify tooling as capital.

Mr. MACDONNELL: With respect to the definition of the Production Department in respect to tooling, is this one of the cases where they go in and assist?

The WITNESS: We include the tooling, that is, the cost of the tooling along with the initial order for aircraft.

*By Mr. Stewart:*

Q. Does the department have any financial stake in the tooling after it has been paid for, or does it revert to the company?—A. No, it is government property. Let us differentiate between tooling and machinery. Machinery is one thing, such as lathes, drill presses, milling machines, and things of that nature, which we classify as capital equipment. On the other hand, tooling comprises such things as jigs, fixtures, drill jigs, and pieces of equipment which are peculiar to this particular item.

Q. And they are written-off?—A. They are written-off in the cost of the first production.

*By Mr. Harkness:*

Q. And they remain just the same as the machinery does?—A. If the machinery is purchased by the government, but the machinery might well belong to the contractor.

Q. In item 67, the T-33A aircraft, you have spare J33-35 engines, of which we bought 100. Are those engines different from the Nene engines?—A. Yes.

Q. I take it that no other engine will fit in the same airframe?—A. No.

Q. So those T-33A aircraft in item 68 are different from the T-33A aircraft in item 67?—A. Yes; there are modifications to the fuselage, adapted to the Nene engines.

Q. So we are going to end up with 576 T-33A aircraft of one type using a Nene engine, and 20 aircraft of a different type, using those J33-35 engines?—A. Yes.

Q. And those one hundred engines will only be useful for the 20 aircraft?—A. Yes.

Q. Then what about the proportion of engines for the two different sets of aircraft? They do not seem to bear any relation to each other? In one case you have five per aircraft, while in the other you have one and one-half per aircraft?—A. The reason behind that—I am not thoroughly acquainted with it—but I can say this, that the aircraft engine life as far as jet engines are concerned is being increased day by day. That is one factor, and this would be presumed to be the life time spares for these aircraft.

With respect to the 900 engines related to item 68, and the 576 aircraft, we will in Canada have facilities whereby additional engines can be built and the components for those engines can be built if necessary.

Mr. JAMES: Is it expected that some of those aircraft will be sold to other countries once they are in production? Is there a big demand for them at the moment?



The WITNESS: The reason we are going to build 576 is because we cannot possibly get delivery from the United States. The 20 that we did get were tokens, so to speak, in order to develop some of our flyers.

*By Mr. Harkness:*

Q. Your last answer to me was that there are plans on foot to produce these Nene engines in Canada?—A. Our plans do not contemplate building complete engines. Included in our contract with Rolls Royce is the complete complement of the tooling necessary to build those engines, and an agreement with Rolls Royce that those tools will be tried out; and that our spare parts requirement for those engines will be built in Canada. But we do not at this time contemplate complete production facilities. However, were it necessary, we could spread those tools out and complete those engines.

Q. You are putting yourselves in position to produce spare parts, should you think they would be required?—A. That is right.

Q. And at the same time you are putting yourselves in position to produce the whole engine should it become necessary to do so?—A. That is right.

*By Mr. Adamson:*

Q. How is that figure of \$120 million arrived at? Was that arrived at by the department or by Canadair? I gathered from a previous statement of the witness that it is more or less of a target figure based on a unit cost of producing an aircraft for some one else, or on what we have been able to buy them for from the United States, approximately. Well, there is not very much difference when you consider other engines; but how is that figure arrived at? Is it Canadair's estimate of what it would cost?—A. It was an estimate worked up between Canadair and ourselves, D.D.P., in conjunction with the United States manufacturers, who have had considerable experience; and we have developed for these aircraft what we term a production experience curve. We have broken down that lot of 576 aircraft into five lots, and each one of them will cost successively less because of experience gained in building the preceding quantity. So you have a production curve which goes down; a man-hour curve which will go down at quite a substantial rate, and then level off.

Q. And if that figure is found to be too low, is it subject to re-negotiation?—A. Yes.

The CHAIRMAN: Item 71.

*By Mr. MacLean:*

Q. In connection with item 70, Mr. Chairman, I presume the intention is to let another contract for those engines before the items in item 68 are entirely supplied?—A. I do not know.

Q. You have not got enough engines for all these aircraft?

Mr. DRURY: The aircraft take one engine each; the two-seater has a single engine.

The CHAIRMAN: Item 71.

*By Mr. Harkness:*

Q. In connection with items 71 and 72, Mr. Chairman, they are both for Harvard trainers; item 71 is for airframes only while the engine has to be secured from some other source.

The CHAIRMAN: It is quite obvious, is it not?

Mr. HARKNESS: And the other item, item 72, is for complete airframes. Is that correct?

Mr. DRURY: That is correct.

Mr. HARKNESS: Where do the engines for these 10 airframes secured in item 71 appear, or do they appear here?

The WITNESS: Those engines came from R.C.A.F. spares.

The CHAIRMAN: Item 73.

Mr. BENIDICKSON: No, item 72.

Mr. ADAMSON: The relevant unit cost of piston-engine trainers and jet-engine trainers are about three and one-half or four to one?

The WITNESS: Yes.

*By Mr. Harkness:*

Q. In item 72 Harvard trainers cost about \$60,000, and the airframes cost about \$20,000; in item 71; what is the difference? Is the difference represented by the engines?—A. These aircraft at the outset were for the most part made from surplus parts which were picked up all over the country.

Q. These 10?—A. The 10, and a great portion of the 200.

Q. Salvaged material, you mean?—A. I would not call it salvaged material. It was surplus from the last war.

Q. So that these Harvards bear no relation to what you might say the original manufacturing cost would be?—A. No, they do not.

Mr. MCILRAITH: But is there not a slight difference in the models? One of them is more up-to-date?

The WITNESS: Yes; there are some modifications which bring them up-to-date?

Mr. BENIDICKSON: Item 72 for \$12 million for these Harvard trainers has reference to Canadian Car and Foundry Limited, Montreal. Is that where these planes are built?

The WITNESS: They are built at Fort William.

Mr. ADAMSON: Montreal is simply named here because the head office of the company is at Montreal?

The CHAIRMAN: Yes.

Mr. ADAMSON: That is the practice.

The WITNESS: There is some work done at Montreal, where they have special machinery. Some of the miscellaneous components are made at Montreal at the shops there.

The CHAIRMAN: Item 73.

Mr. DINSDALE: Actually, with respect to the Harvard trainer, it should be possible to produce a Harvard trainer for \$16,000?

The WITNESS: \$16,000? No!

The CHAIRMAN: The answer is "no". Now, item 73.

*By Mr. Harkness:*

Q. What are these Wasp engines for? What type of engines are they, and what craft are they for?—A. Item 73, the Wasp engine, on model R 1340—those engines will go into Harvard trainers and will supply spares for Harvards; and a great many of them, I believe, will be sold to the United States because the Canadian Pratt-Whitney facilities being established now at Montreal will be the sole facilities for that engine world-wide.

Q. Are some of those engines going into the items mentioned in item 72?—A. No. They all go into a subsequent order.

Mr. STEWART: Had you any Wasp aircraft engines in stock?

The WITNESS: We had some, yes, but not a number adequate to cover this by any means.

The CHAIRMAN: Item 74.

Mr. DINSDALE: Coming to the cost of the Harvard trainer again, I notice that the unit cost of the engine is \$20,000, and that the unit cost of the air-frame, admitting that they have been built from surplus stock is \$20,000; and I suppose that the additional price of \$20,000 is for instruments and additional equipment?

The WITNESS: No. The estimated cost of \$20,000 for the 1,000 Wasp engines includes tooling and the establishment of the complete facilities.

The CHAIRMAN: You are not talking about the same thing.

Mr. McILRAITH: Yes, very much so, Mr. Chairman.

The CHAIRMAN: I am sorry.

Mr. DINSDALE: That is, all the additional equipment for the engine is included in the unit cost of \$20,000?

The WITNESS: All of the tooling.

Mr. McILRAITH: That is the point.

The WITNESS: We take a brand new plant and we put machinery into it and we buy all the tooling, and develop the organization and train the people and produce engines; and over the period of time in which we produced 1,000 engines, the cost is \$20,000 per engine.

*By Mr. Dinsdale:*

Q. But the \$20,000 per engine, and the \$20,000 per airframe still does not make it possible to produce a Harvard trainer for \$60,000, that is, under item 71?—A. I told you they were made of just bits and pieces which we picked up and put together, and we got a very inexpensive airplane by virtue of that.

Q. That still gave us \$20,000 to play with?

The CHAIRMAN: No. Will you please finish that? Can you answer that?

The WITNESS: Our estimate of cost of the Harvard trainer is somewhere in the neighbourhood of \$50,000, to which you will add instruments, armaments and engine; and the whole will come close to about \$80,000 when you get all finished.

Mr. DINSDALE: And apparently we have exhausted our surplus stock?

The WITNESS: Yes; piece by piece and item by item as we run out of surplus, we get new parts.

The CHAIRMAN: Item 73. The meeting is now adjourned until Tuesday.

Mr. MACDONNELL: May I raise one point, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. MACDONNELL: At the last meeting you said that the contracts which I asked of the Minister of Defence Production in the House would be filed. When will that be done?

The CHAIRMAN: They are working on them as fast as they can. That is the best answer I can give you. I indicated that when we filed them, at the same time we would have a witness here to explain them, not just put them on the table. We cannot do that on Tuesday, but if they were ready on Thursday, I would be inclined to go along with you.

Mr. MACDONNELL: I take it they will be laid on the table for examination?

The CHAIRMAN: A witness will be here to answer questions on them.

The committee adjourned.





















Canada, Defence Expenditure,  
Special Cttee, 1952

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Sixth Session—Twenty-first Parliament  
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SPECIAL COMMITTEE  
ON

# DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

TUESDAY, JUNE 10, 1952

WITNESS:

Mr. C. M. Drury, Deputy Minister, Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952

## ORDER OF REFERENCE

MONDAY, June 9, 1952.

*Ordered*,—That the name of Mr. Chevrier be substituted for that of Mr. Benidickson on the said Committee.

*Ordered*,—That the following Bill be referred to the said Committee:—

Bill No. 308, An Act to revise the capital structure of the Canadian National Railway Company and to provide for certain other financial matters.

Attest.

LEON J. RAYMOND,

*Clerk of the House.*



## MINUTES OF PROCEEDINGS

TUESDAY, June 10, 1952.

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Campney, Cavers, Churchill, Croll, Dickey, Dinsdale, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, MacLean (*Queens*), Macdonnell, (*Greenwood*), McIlraith, Power, Stewart (*Winnipeg North*), Stick, Weaver. (23)

*In attendance:* Messrs. C. M. Drury and W. R. Wright, Department of National Defence, Mr. T. N. Beaupré, Department of Defence Production.

The Committee proceeded, as announced by the chairman, at the last meeting, to the consideration of barrack stores, clothing and other equipment.

Mr. C. M. Drury was called. He made a statement and was questioned.

The witness was also examined on the method of estimating and computing the requirements for the services.

The Chairman announced a meeting of the Sub-Committee on Agenda for 8.00 o'clock, this evening.

At 1.05 o'clock p.m. the Committee adjourned, to meet again on Thursday, June 12, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*



## EVIDENCE

JUNE 10, 1952.  
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. This morning, as I announced at our last meeting, we are going to deal with barrack stores and equipment. Mr. Drury has a short statement in order to give us some background. Then we will deal with barrack stores. There are five items under "barrack stores" and nine items under "equipment". My suggestion is, that Mr. Drury be permitted to give the committee information on each item, and you can make notes as he goes along. After he finishes, he will be open to answer any questions that the committee members have. In the meantime just let him tell his story in his own way.

Mr. MACDONNELL: Let him finish the items?

The CHAIRMAN: Yes, and then we will have ample time to question him, if you let him do it in his own way, and make notes of any items that interest you.

**Mr. C. M. Drury, Deputy Minister of National Defence, called:**

The WITNESS: It will be, as you suggest, quite helpful if I may outline in general terms the procedure for provisioning followed by the department during this two-year period under review. Before the beginning of each fiscal year, the provisioning branches of the three armed services forecast the numbers of various items of stores, clothing and equipment which will be required in the 12-month period following. This is only a forecast, naturally, and is based on the general over-all program of development for the year in question. In the case of a good many of the minor items computation is based upon the number of new men it is anticipated will be brought into the forces during the coming 12 months, so that they can be given an initial issue of clothing and personal equipment and so that there will be available sufficient barrack stores and equipment with which to enable them to perform their functions. There is also provision made during the 12-month period for what in the services is called wastage, but which in popular terminology would be called consumption for that period. The consumption estimate is based on experience in the past years, where there has been any such experience, and where there has been no similar experience in peacetime, then we revert to what wartime experience there might have been. By way of example, in the case of the brigade proceeding to Korea we had no peacetime post-war experience of what consumption rates might be, and we had to go back to the Second World War. Now, that is the general basis of provisioning. However, during the two years that the committee is considering there were some special circumstances. At the end of the fiscal year 1949-50, that is April 1, 1950, the strength of the active forces was approximately 47,000 men, and procurement for the fiscal year 1950-51, which is the first year the committee is looking at, was forecast on forces of a magnitude not very much greater than this 47,000, and the scale and type of activity similar to that in the previous fiscal year. Thus before Korea it was anticipated that the armed forces would not grow substantially and that normal peacetime training only would have been carried out.

Mr. BENEDICKSON: Do you make any calculation of the reserve forces in an estimate of that kind?



The WITNESS: Reserve forces are taken into account. In the summer of 1950, as the members well recall, the decision was taken to raise a force for Korea which had to be recruited, outfitted and trained on very short notice because our depot stocks were based on a normal increase in the size of the forces. The task of outfitting a brand new brigade for Korea virtually exhausted our depot stocks of clothing, personal equipment, and also barrack stores, as the new brigade required accommodation entirely in addition to that which we already had. Consequently, in 1950 it became necessary to replenish these depot stocks which we had exhausted. Subsequently, in the winter of 1951, on February 5, as reported at page 97 of *Hansard* of that date, the Minister of National Defence outlined a new and expanded defence program, and in announcing this said that provision would be made for—and I am now quoting—"the administrative staff, training establishments, depots, stores, clothing and equipment to provide for rapid mobilization in a total effort".

Mr. MACDONNELL: What page in *Hansard*, please?

The WITNESS: Page 97, February 5, 1951.

Accordingly, at this time plans were made to procure the necessary barrack camps and hospital stores, clothing, personal equipment and fighting equipment, needed to outfit, accommodate, feed and train the numbers of men who might have to be brought into the armed forces if a mobilization were to occur. The quantities of each item ordered for mobilization purposes were computed on the basis of wartime experience—that is, the Second World War experience—and generally speaking were calculated by taking the total number of men to be brought in and multiplying this figure by the scale of issue of each item of equipment. Perhaps one could say that a more accurate and more precise statement of the requirements might have been achieved if in respect of each item a detailed study could have been made of the types and numbers and locations of all the installations which might have been needed on mobilization, and on the basis of these detailed studies an accurate calculation made of the stores required to operate each of these different types of installation. However, in 1951 there was neither the staff nor the time available, had we wished, to make these detailed studies. The ordering of these things, if the defence program was to be proceeded with expeditiously, had to be done at once. Consequently, some of the items ordered were based on general estimates rather than, shall I say, a precise detailed study.

Now, I am not at all sure that a detailed study would have yielded too much in the way of a useful result, in that the plan for mobilization, if such ever becomes necessary, must be very flexible indeed. The plan must be suited to meet either summer or winter conditions. It must also be valid, not only for an immediate mobilization on very short notice but a very distant one. I think perhaps most of the members will recall the experience at the beginning of the last World War in 1939. When mobilization did occur there were quite serious deficiencies in a number of items of both clothing and personal equipment for the troops who were signed up, and there were also difficulties arising out of deficiencies in camp and accommodation equipment. It was hoped that some of the difficulties could be avoided by having made provision in advance for these clothing and accommodation stores.

The third factor which we had discovered as a result of post-war experience was that a lead time in ordering stores was necessary. By this I mean that a period must obviously elapse from the time the demand for a given article is made until the article produced or manufactured is received in stores; and an average lead time has been established at nine months. That is, services can anticipate that, on the average, nine months will elapse from the time they order an article until the time it is received in any quantity. Now, I must make clear in talking about this nine months lead time, that they relate to fairly

substantial orders. Obviously if one wants a can of paint one does not have to wait nine months. There is in the clothing and barrack stores one major exception, and that is broad fabrics, which is wide cloth, and a lead time of 12 months is necessary until we get the finished uniform made from the cloth. In the case of military equipment the lead time is in many instances, of course, much longer than this. The lead time for an escort vessel is of the order of two years; for a new aeroplane it is also much longer than nine months. Because of this lead time we made provision in our ordering during this period for not only the 12 months consumption and issue envisaged, but an additional consumption and issue amount to cover the 9-month period or the lead time. I should point out that this 9-month lead time is only for a one-time purchase. Once we have in stock sufficient of each item to cover this 9-months lead time, this does not need to be purchased again every year. It is done once, and it was done during this two-year period under consideration.

Contract demands covering the requirements of all these items were raised during the spring of 1951, and the Department of Defence Production proceeded to purchase the items or to have them manufactured. Because camps, barracks and hospital stores are all designed as nearly akin as possible to normal articles of commercial manufacture, delivery of these items was very much more rapid than delivery of arms, ammunition and other types of military equipment. I think that is readily understandable, and that there was and is in Canada a much greater capacity in existence for manufacturing commercial articles than there is for the manufacturing of arms and military equipments. Ever since the original requisitions were placed, which was done as rapidly as possible they have been under continuous review and in the light of either wrong assumptions made in the first place or changed conditions, adjustments have been made to these provisional orders wherever this has been found necessary. If at some future date the necessity for holding these mobilization stores appears to diminish, the mobilization stores will then be used for normal peacetime use and consumption.

Now, I would like to emphasize that in the case certainly of the clothing and barrack stores these items do not become useless through growing obsolete, and if in some instances we may have ordered more than might now be considered necessary, either for current consumption or for mobilization purposes, these will not be wasted but will be used at a future date in the ordinary stream of service operations. If, as we all hope, the necessity for holding these stores for rapid mobilization diminishes, then the articles in mobilization stores will be taken into current use and the need for procuring, during the subsequent period, further items of this sort to meet consumption will be reduced to the extent to which we can get them out of mobilization stores. The quantities and rate of consumption of the various items of clothing stores and equipment vary considerably, but generally speaking the mobilization stockpile of most of the items would be consumed in a year or a year and a half of operations at our present level of activity. There are exceptions to this.

I would like now, just before closing, to recall to the members of the committee the magnitude of the forces and the change in size which occurred during the period with which we are dealing. On April 1, 1950, the active forces were at a strength of 47,185. The reserve, including the C.O.T.C., the U.N.T.D. and the U.R.T.P.—the university schemes of the Army, Navy and Air Force for training officers—was at a strength of 53,925, or a total for both active and reserve forces on April 1, 1950, of 101,110. I am mentioning the reserve here because in the case of clothing the reserves account for at least a proportion of the initial issue and consumption of clothing. By April 1, 1951, the active forces had risen to 68,427, and the reserve force to 58,852.



The CHAIRMAN: What is the total?

The WITNESS: A total of 127,279.

Mr. McILRAITH: You should not total them because the rate of usage would be down.

The WITNESS: That is a very valid point, Mr. McIlraith; perhaps I should not have totalled them.

On April 1, 1952, the active force figure was 95,394, the reserve, 63,739—a total of 159,133.

The CHAIRMAN: We now have items in the following order: forks, pots, tea, coffee, hot drinks; carpets, rugs; lamps; barrack boxes, suitcases, trunks.

The WITNESS: Mr. Chairman, last year Mr. Macdonnell asked a question about the numbers and types of serving forks that had been ordered for the services.

Mr. BENIDICKSON: When?

The WITNESS: His question was about December 13, if I remember correctly.

The CHAIRMAN: Gentlemen, I think we should first obtain the story and later you will get your dates meshed. Just let him continue until we see the whole picture and then we can question him.

The WITNESS: In 1951 serving forks were an item used by the army, navy and air force. A requisition was raised to cover the requirements I have mentioned in the general statement, namely to guarantee consumption for maintenance including the numbers required for the new camps, barracks, dining halls and mess kitchens to be opened. Secondly, an additional quantity required to cover an additional nine months period or lead time. Thirdly, the quantity required to replenish the normal depot operating stocks which had been reduced almost to a vanishing point as a result of the raising of the 25th Brigade. Fourthly, there was a number required for the mobilization stock pile.

In June, 1951, a requisition based on those four calculations in the number of 62,000 was sent over to the Department of Defence Production. Now, I might perhaps go into some detail about the basis of issue and use of these forks.

The serving fork is used both in the kitchens and in the messes. In the kitchens its use does not need any explanation. In the messes, we have two different types of serving, first the cafeteria style—similar to that used at the Chateau Laurier or any other cafeteria, and second, in messes where there are not the facilities for keeping food warm and serving it—steam tables and things of that kind—there is what is known as family style messing. Family style messing means the feeding of men at the standard barrack room or folding table which seats six, and the food—meat, vegetables and so on in different containers—is placed for the six men on the end of the table, and the senior at the table serves the food.

Where, however, a cafeteria style of messing is used then the only serving forks which are required are those actually in the kitchen and at the serving tables themselves. The numbers will be very much less.

The original computation as to the number of serving forks required was based on the scale of issue required for family type messing related to the numbers of men to be mobilized. At that time we had not made very much progress towards the new construction in camps, all of which provides for cafeteria type messing. Had there been mobilization at that time it would have been necessary to revert to a very large degree indeed to the family type of messing. However, since then, very considerable progress has been made on



new construction—with the result that were mobilization to occur in the next year there would be a much higher proportion of cafeteria style of messing and a reduced proportion of family style messing.

I mentioned in the opening remarks that following the placement of these initial orders, a review was inaugurated of all items. This is necessarily a long process in view of the fact that there are involved a range of some 15,000 items of barrack, hospital, camp, and miscellaneous stores. The figure of 15,000 covers most items for all three services but is related precisely only to the army. It would not be very much different for either of the other two services. To review 15,000 odd items with we hope a reasonably modest staff, or as modest as we can make it, takes some time. In October—at the end of September—this review resulted in a reduction from 62,000 to 40,000 being made in the number of these serving forks estimated to be required. There was a still further review of the numbers of these forks and the number was again reduced.

The CHAIRMAN: When?

The WITNESS: The original amendment to the contract demand was forwarded to the Department of Defence Production on the 17th of October, bringing the figure down to 40,000. Subsequently, a further amendment to the contract demand was sent to the Department of Defence Production on the 8th of February, 1952, reducing the numbers to 14,500.

Now, Mr. Chairman, I might say a word about my reluctance, which will become apparent later on in any event, to disclose the precise basis of accumulation of mobilization requirements. I have said that the number of forks or the number of a given item required for mobilization purposes was achieved in a good many instances, and particularly for the smaller items, by taking the number of men to be mobilized and multiplying that by the scale of issue. Obviously, if one had the total number of items demanded and the scale of issue it does not take much in the way of arithmetic to calculate the number of men to be mobilized. The mobilization plans of any country are something which are graded very high indeed on the security list. I would not, therefore, be able to give the committee the mobilization scales of issue. I can, however, give them for peacetime if they are of interest.

These serving forks, I should mention, are not a particularly expensive article, Mr. Macdonnell. We are able to buy these at a cost of 48 cents each. There is the article. It is not quite so long or so highly polished as yours. Our article is not as elegant—it is a much more modest utilitarian one.

Mr. MACDONNELL: I notice yours is a cheaper type but I am glad they compare so closely.

The WITNESS: 49 cents is the price we are paying for these. Your information was a slightly higher figure.

Mr. MACDONNELL: No, that is my recollection.

The WITNESS: The next item about which there appears to have been some interest covers teapots. Those are aluminum containers of a capacity of 1½ imperial quarts. They are ordinary aluminum pots for tea, coffee, hot water or perhaps other uses, made of an aluminum body with a wooden knob on the top and a wooden handle. The use to which those are put is for serving to the troops hot beverages—coffee, tea, cocoa or whatever else they may require. On the 16th of May, 1951, a contract demand was forwarded to the Department of Defence Production in the number of 29,630. The basis of computation to determine the number of those needed was precisely as I have outlined before in the case of forks.

Subsequently the numbers needed were, as in other instances, reviewed. On the strength of this review we estimated that it would be possible, without seriously prejudicing mobilization and accommodation of troops, to get along with fewer of these particular pots. However, the Department of Defence Production had proceeded with some energy and expedition in placing the order. By the time the review was made it was found that the manufacturer, in this case Neptune Meters Limited, had proceeded so far with the manufacture of these articles that to reduce the number would have resulted in cancellation charges.

Because these beverage containers do not deteriorate with age and will be eventually used if no mobilization occurs in the normal course of events; we did not incur any cancellation charges due to a reduction in the original order. The net cost of each of these articles amounted to \$2.97.

The next item is rugs and carpets. Rugs and carpets are slightly more complicated a category to explain in that there are quite a few articles under the heading of rugs and carpets. Included in these are not only the type of rug of a size 9 feet x 12 feet which is placed on the floor of lounges and messes but the kind of matting used on the interior decks of a number of ships.

I might perhaps try to outline to the members of the committee what the various rugs are used for. A rug or carpet 6 feet 9 inches x 9 feet is provided in each officer's single quarter. A small rug 2 feet 3 inches x 4 foot 6 inches is provided as something to cover the concrete or linoleum floor alongside the bed of each man in the other ranks single quarters. In lounges, officers lounges and NCO's lounges and men's lounges in the active force, larger rugs 9 feet x 12 feet are provided on the general basis of one per 200 square feet of floor area. The allowance for the reserve force is just one half of that—one per 400 feet of floor area.

In hospitals there is provided in sunrooms or solaria one per 300 square feet of floor area and, in addition, there are a limited number provided at government expense in married quarters at isolated units. We have found by experience that it is more economical to furnish completely a married quarter at an isolated station—and by isolated I mean really isolated such as Aklavik, Goose Bay, some of the stations on the northwest highway system, and so on—than it is to move the furnishings of the dependents. There is quite a substantial saving on the transportation charges and the cost of furnishing isolated married quarters completely is less than paying those transportation charges.

That is the basis then of the issue of the various rugs. Now, the number required in this two year period would necessarily be quite large by reason of the substantial construction program that is now being carried on. All new single quarters for men are provided with one of these small throw rugs I mention as are all new NCO's quarters. The numbers which have been ordered are related not only to what was being constructed during the period in question but also to the quarters scheduled to come to completion during the subsequent twelve month period.

Mr. STEWART: Could we have the details of the number of 16 feet x 9 feet rugs?

The WITNESS: I do not think there are any 16 feet by 9 feet rugs. The largest rug is 9 feet x 12 feet.

Mr. STEWART: I thought you said 16 x 9.

Mr. ADAMSON: I imagine they would all be domestic rugs.

The CHAIRMAN: Gentlemen, we are to have our question period as soon as Mr. Drury has finished.

The WITNESS: The situation with regard to lamps is substantially the same as for rugs. Lamps cover a number of categories which I might outline. The largest lamp is known as the trillite lamp and they are provided in married



quarters which we furnish at isolated stations as I have mentioned. They are also provided in officers', N.C.O.'s and men's lounges in both the active and reserve forces; for NCO's lounges in the reserve force; and for men's lounges in the reserve forces.

The next category of lamp is what is known in the trade as a bridge lamp. It is merely a lamp on a stand 5 to 6 feet high with a shade and having only one intensity of illumination—unlike the trilite which is a similar upright lamp having three intensities of illumination. These bridge lamps are similarly provided: in single officer's quarters; in married quarters at isolated stations; in officers NCO's and mens lounges in the active and reserve forces—and the scale of issue is the same throughout each of the three services.

The next lamp in question is a table lamp, a normal lamp some 2 feet high with a wooden column, a light socket, and a shade. The table lamps are provided for married quarters at isolated stations; officers', NCO's, and men's lounges for the active force; and officers', NCO's and men's lounges for the reserve force.

The next category of lamp is what is known in the trade as a boudoir lamp. I may say that this term is not of our selection. It is exclusively provided for and used in the sleeping rooms, of married quarters at isolated stations, and the number is very small indeed consequently. No boudoir lamps are provided for use in any other form to the active or reserve force establishments.

The next type of lamp is known as a wall bracket lamp and this is a lamp on a swinging bracket provided on a scale of one per bed in single quarters for men in the active force units. It is mounted on a swinging bracket so that the soldier may either read or see to read in bed or swing it over a small table which is provided for his use as a desk for writing and study. This serves both bed use and for writing at his table.

These then are the various categories of lamps which add up to what appear to be quite substantial totals.

The next item, Mr. Chairman, is trunks, suitcases and barrack boxes. Trunks as such we have not ordered nor do we intend to order. However, an item in some ways similar to a trunk known as a barrack box is required for initial issue in the army and the air force on a scale of one per man. This barrack box is an item made out of plastic with some metal reinforcing, 36 inches by 10 inches by 15 inches, and its cost is \$22.31.

The purpose of this is to provide each man with a form of barrack room locker in which in the summer time he stores under his bed his winter clothing and in the winter time stores under his bed his summer clothing. That is put away for the season and he takes these with him on postings from unit to unit or station to station. As I say, these are planned to be issued to the army and the air force on a scale of one per man in the active force.

We also have made provision for an item which costs \$8.87 similar to a suitcase although more robust and less elegant in construction. It is 18 inches by 14 inches by 6 inches. These are issued on a scale of one per man to the navy. By reason of the difference between navel service and land service the barrack box is not a suitable item for use on board ship and instead of the barrack box the navy have this item for the carriage and storage of their kit.

In addition, of course, to these barrack boxes there are provided in each of the services kit bags for the men to carry their equipment on short and perhaps not permanent moves and in the case of the army there is the web equipment haversack and rucksack.

**The CHAIRMAN:** Now we come to battle dress.

**The WITNESS:** Battle dress is the next item. In the case of battle dress I do not know that very much in the way of explanation is needed; everyone in the committee, I think, knows what a battle dress is.



The peacetime scale of issue of battle dress or its equivalent in the navy is two suits per soldier. Battle dress or its equivalent is required in all three services to equip not only the active force but also the reserve forces, the C.O.T.C., U.N.T.O. and U.R.F.P. and in some instances cadets. The numbers, therefore, required will be substantially larger for yearly issue, and annual consumption than the actual size of the active force alone would appear to indicate.

Now, in the period under question in the case of battle dress there is one additional factor which does not obtain in the case of barrack stores and that is the necessity of supplying in the forces in Korea and in Europe where it has been necessary to provide in the theatre a maintenance stock of battle dress.

Now, this stock is held not in Canada but across the Atlantic and across the Pacific and these numbers, therefore, are needed over and above the numbers required for depot stores, initial issue and maintenance for the forces in Canada, and it raises the numbers of battle dress required over and above the numbers of barrack stores which would be needed to meet the same circumstances.

Would the members be interested in further details on battle dress? I can give the scale of issue, the number we have ordered, if the members are interested in that.

*By the Chairman:*

Q. They will probably ask questions on it later. Suppose you let it stand and continue with footwear?—A. Footwear covers, like the lamps, a considerable number of items. First the ordinary type of footwear is the leather boot. The leather boots are used by all three services and are issued on a basis of two pair per man in the active force and one pair per man in the reserve force. The rate of consumption of these boots varies, of course, with the type of service on which they are being used. By way of example I might mention that in the naval service it is estimated that a man will wear out one pair of boots per year. In the army which does a great deal more moving around on its feet the usage is scaled on the basis of experience at one and one-fifth pairs of boots per man per year. In Korea we have found that the rate of usage is four pairs per man per year. The reserve force usage is worked out at three-fifths of a pair per man per year, or three pairs every five years.

The shoes, leather, which are at present issued to navy, army and air force in Canada have a similar rate of usage.

*By Mr. Harkness:*

Q. Those are low shoes without uppers, are they?—A. I do not know what you mean by "uppers" but they do not cover the ankle.

In the case of boots as well as the boots, ankle, there is the boot, motorcyclist, the boot, parachutist, all of which are leather.

*By the Chairman:*

Q. And just the boot?—A. Then in addition to the black leather boot, there are white leather shoes issued to airwomen who work in hospitals, dental departments and as laboratory assistants. These are issued on a scale of two per nursing sister on repayment.

Perhaps that is a point I should have made earlier, that in all these items of clothing the numbers ordered will include numbers for issue on repayment to various classes of people. Then included in the numbers of battle dress will be the numbers it is anticipated will be demanded by officers in repayment during the appropriate period. The cost goes to the Receiver General so that this is not a free issue.

Rubber and canvas footwear includes overshoes, gym shoes and mukluks an item for Arctic use.

There is another classification—rubber, synthetic rubber and synthetic footwear, which includes rubbers, rubber boots and overboots for women. They are not the sort of standard rubber boot or knee boot or fireman's boot but a short form of overshoe without buckles. Flying boots come under the heading of rubber and canvas, I believe.

Coats—I do not know that there is much to be said about coats. A considerable number of coats or items generically classed as coats have been ordered but like the other items these break down into a number of categories. In this case they comprise raincoats, overcoats, oilskins and greatcoats. The basis of provisioning for this item is the same as I have outlined for other items of clothing. One factor which I have not mentioned in the case of clothing is the necessity of having on hand not only the precise numbers required to issue to the number of men who will present themselves for issue, but an additional number to take care of the various sizes and differing sizes of men who will appear. I do not think there is anything more aggravating than to see a whole raft of battle dress on a shelf and not be able to get fitted with the right size. To take account then of the variations in size of men and women allowance over and above the numbers required for issue should always be provided to take care of sizing.

Socks—

*By Mr. Hunter:*

Q. Are they still all the same size?—A. Socks—provision was made for socks on the same basis as other items of clothing including sizing. An effort is made to accommodate a man in respect not only of his boots but also his socks in so far as it is possible in the case of sizing.

The term "socks" covers not only the standard heavy wool socks but also a much heavier article in the form of a seaboot lining used by the navy and leg covering for female personnel.

*By Mr. Stick:*

Q. It is very interesting that "leg covering for the female."—A. "Headgear" comprises quite a variety of items. They include caps, cook, berets which are issued to the W.R.N.S. in the navy, peak caps which are issued on repayment to officers and issued to petty officers in the navy, the seaman's cap which is a blue item for normal wear and a white cap for summer wear, coloured berets for the army, the colour indicating the corps in which they are serving, a peak cap of khaki for summer use by the army. This is a cap with a peak for summer use for the army and a peak cap provided with flaps which can be lowered for use in the winter.

Mr. MACDONNELL: May I interrupt for a moment? It is very interesting, but I do suggest that part of it would be more useful to a military tailor than to us. Can we not have time to ask questions on the things which have been described and on which questions have been raised and which Mr. Drury has outlined this morning? We have only three-quarters of an hour left.

The CHAIRMAN: Mr. Macdonnell, he has just a few more items, then he will be finished and I will permit the committee to question the witness.

The WITNESS: In the case of the air force we have caps, mechanic, which is a glazed cotton item to keep the hair covered and clean. There are the caps, field service, the wedge cap which is normal air force wear for summer, and a cap with flaps for winter wear.

The next item in which there was some interest was kit bags. These, as I mentioned in passing when discussing the trunks, are issued on a scale of one per man in the active force, navy; one per man in the active force, army; and two per man in the active force, air force. They are issued on a scale of one per man in each of the three services for the reserve force. The kit bag, I think most people will recall, is a dunnage bag about 2 feet 6 inches high and some 15 inches in diameter, and is used for carriage of the soldier's clothing and some of his necessities when travelling from place to place.

The CHAIRMAN: The witness is now in your hands.

*By Mr. Cavers:*

Q. Mr. Chairman, first of all with regard to this question of forks, I would like to know from Mr. Drury, if I might, how the number of forks, after this final review had taken place, was calculated. How did you calculate the number of forks that would be required, the 14,000-odd serving forks?—A. The basis of the 14,000 requirement is a number of 4,000 for the mobilization stockpile, 10,000 required for issue and replacement in the army camps and messes, and 500 for issue to cover replacement and maintenance in the navy.

Q. How many were actually purchased by the department?—A. 14,500.

Q. And then how many were actually issued out after the purchase was made how many were issued out to the various establishments?—A. We have not yet got all these forks. Consequently, the issue of the items for maintenance purpose has not yet been made.

Q. And I suppose there are sufficient forks now that might last for a period of time, that could be used over a period?—A. It would be our hope that the numbers of serving forks, which have been ordered would enable the army in particular to make provision in all the additional camps and messes which they are going to open, and that henceforth the number of forks required would be limited to those needed to replace forks which become unserviceable through use.

Q. Then you told us, Mr. Drury, the price of this fork was 49 cents. Are you able to tell us the comparative price of the type of fork used as an exhibit by Mr. Macdonnell in December last?—A. No, I cannot do that.

Q. The fork used as an exhibit by Mr. Macdonnell is a much more elaborate fork than the ones you purchased, is it not?—A. I think I can say that safely.

Q. It has a polished handle and a sort of polished steel prong.

Mr. MACDONNELL: I am not arguing about the materials involved in this.

Mr. CAVERS: The point that I wish to make is that the fork used as an example by Mr. Macdonnell was a more elaborate type of fork than the one that was actually purchased. There were certain statements made at the time about carelessness in excess ordering. Do you not think it is borne out by the facts? I think in this case it was a different type of fork entirely. This is probably a more elaborate and more costly fork.

The CHAIRMAN: Mr. Cavers, we are in committee.

Mr. CAVERS: I just wanted to make the point that Mr. Macdonnell's fork was a more elaborate fork than the one ordered. In this case we have a utilitarian type of fork used in a mess—

The CHAIRMAN: Proletarian type. Gentlemen, let us have some more questions. Any more questions?

Mr. MACDONNELL: I shall not involve myself in an argument as to which is a more elaborate fork. My own feeling is—I heard Mr. Drury describe family messing, but I am quite sure that if you went to an ordinary mess you would not find one of these forks.



What was the reason that caused you to reduce, first of all, from 63,000 to 40,000 forks? What caused that? You are aware, of course, there was a question on the Order Paper about it last autumn.

The CHAIRMAN: Mr. Macdonnell. A question.

Mr. MACDONNELL: What was the cause of the review?

The WITNESS: The cause of the review, Mr. Macdonnell, was that it was the policy of the department to review all of these items.

Mr. MACDONNELL: Then after reviewing it the first time you cut it down to 40,000. And then I asked a question in December and as a result of that it was cut back again.

Mr. STICK: Oh no, oh no!

The CHAIRMAN: Just a minute, gentlemen.

Mr. MACDONNELL: I do not say anything that anyone can dispute.

The CHAIRMAN: Just put the question, Mr. Macdonnell.

*By Mr. Macdonnell:*

Q. What was it that caused the reduction from 40,000 to 14,000 forks which was made subsequently?—A. The continuing review. We have since ascertained the number should have been reduced in the first review not to 40,000 but to the current figure. Now, I must confess that in a way this is being wise after the event, and I do not mean the event of the committee. You will recall perhaps that in 1951 at the time this plan was introduced, there was a considerable feeling of urgency about being ready and getting ready. Since then the sense of urgency has perhaps given way to a more coldblooded examination of the situation. Now, I do not say this in the sense that the need for these things has diminished at all, but we have had time to look more carefully and more long-headedly at what is really essential.

Mr. MACDONNELL: I am not going to take up any more time of the committee. My understanding is that these two reductions were made because of the questions asked. In other words, there is no intimation that there was anything wrong. I would say that I would be more immensely impressed if the department was to admit that they had made a mistake.

The CHAIRMAN: Did not Mr. Drury in fact say a moment ago that "we made a mistake"? Is that not what he said? He said we corrected it as quickly as we could.

Mr. MACDONNELL: What he said was that he reconsidered it, or reviewed it, and I would have been more impressed if he had said that those questions on the order paper caused us to reconsider. My only point is this, that we ran into this—this is one of the few cases where one gets a close-up, and one is left with an uneasy feeling that there are many other cases that we have no means of checking. Here we have some means of judging, but I am left wondering how many other cases there were of that type.

Mr. GEORGE: Is it not true that the first reduction in this number of forks was made previous to this question being asked?

The CHAIRMAN: The dates are very clear. June, 1951, 62,000 forks; October, 1951, reviewed and reduced to 40,000; February, 1952, amended order, 14,500. It is very easy for members of the Committee to look up the record and ascertain when the question was asked. I believe it was asked in December. There is a record. The amount involved was \$7,200?

The WITNESS: \$7,250 was the amount of the order.

Mr. McILRAITH: Let us clear it up. I had answered the first question on the order paper. It is just a matter of the sequence, but the reduction took place before any question was asked.

The CHAIRMAN: I can readily understand that with the spending of some \$2 billion you would make some mistakes—

The WITNESS: We do.

The CHAIRMAN: —and I think that where you do, you should tell the committee. We understand. It is even suggested that we sometimes make mistakes. Don't be afraid of admitting honest mistakes.

Mr. McILRAITH: The whole thing here turns on the initiation of the family type of messing, and you could argue about that for days.

*By Mr. Harkness:*

Q. I would like to relate the general statements that Mr. Drury made that some of these items were based on general estimates. In fact, I presume a number of them were. I presume these forks were ordered from a general estimate?—A. That is correct.

Q. And who was responsible for arriving at the figure of 62,000?—A. Do you want the name of the officer?

Q. I do not care about the name of the officer, but who in the department is responsible for these general estimates, including this one particularly for the forks?—A. There is some element of responsibility on the part of a number of people. I do not know neither the name or rank of the individual man who originally compiled or made this calculation. He would be an officer in the Quartermaster General's branch of the army.

Q. He would be an officer on the staff here at headquarters?—A. National Defence headquarters, yes.

The CHAIRMAN: He was probably not too good at arithmetic!

*By Mr. Harkness:*

Q. I do not want the name, rank or anything else of the officer. I just wanted to find out who was responsible for making this estimate, which was wrong, and any other cases where there was an error. What we are trying to get at in this committee is how these things are done and where responsibility for these things rests. As you say, some responsibility rests on everybody; probably particularly the Quartermaster General's branch in a case of this kind.

After the particular officer—let us call him X—made his estimate in this case of 62,000, who is it reviews that to decide whether it is a proper estimate or not?—A. Normally the stream of review of these items is through the Quartermaster General's branch to the requirements division, in the civil side of the department, and then over to the Department of Defence Production. I do not think you want a list of names?

Q. No, I do not want them, but after this original officer X estimated 62,000 of these forks, what means were there to make sure that that was a reasonable estimate.

Mr. JAMES: I think it would be most interesting to give us the procedure. Here is the estimate. Where does it come from and how many people check it and who says no and sends it back. We do not want names, but how does the system work is what I am interested in.

Mr. BENIDICKSON: Does the standard for that depend upon the number of dollars involved?

The CHAIRMAN: Just give the witness a chance, now. He has had three questions, all of them related.

The WITNESS: The rank and status of the officer who makes the initial computations varies, of course, with the type of equipment. It is generally an officer, initially, who will have a specialized knowledge of a category of items, and he will be responsible for the initial compilation of the total requirements in this category. This will be reviewed by his superior officer, who will review not only his work but that of a number of other specialists who are dealing with different categories of items. It then proceeds to a higher level, where not only is a further review made of these categories—the barrack stores, for instance, but a review of barrack stores and various items of fighting equipment—I am not sure how many process echelons there are here in the organization—but the total of all these categories of items, including consumables, food, gasoline and so forth, are reviewed by the Quartermaster General, or by an officer for him, and passed over to the civil side of the department for a further review, and then to the Department of Defence Production.

Mr. JAMES: What do you mean by the civil side?

The WITNESS: The non-military, the civil officers who are a part of my staff. There is a deputy minister, requirements, Mr., or one time Brigadier Chesley, and under him he has another officer whose principal concern is this general category of stores, including the clothing and barrack stores, and he is the one who does the detailed review. Unfortunately, at the time the initial requisition went through neither Brigadier Chesley nor his principal assistant in this category was on the staff. I did not have this staff in last June, and it is only since the review by the services has started that I have augmented my staff with the addition of these two and other officers.

Mr. ADAMSON: How many other items have there been besides these forks which have been subject to review and reduction in orders? Is this the only item of all the hundreds or thousands of items which have been purchased? Is forks the only item?

The WITNESS: No, Mr. Adamson. I have not, unfortunately, got a list of all the items which were originally requisitioned and have since been reduced, but a very considerable number of them have been modified for two principal reasons: one is that in some instances the original calculation was not representative of good judgment, and the other is that changes have been produced by changing circumstances. Now, I hope Mr. Macdonnell will believe me when I say that in the case of forks the degree of necessity for being ready, that is the dangers of the international situation have not, in our view, changed or lessened at all. The physical situation which calls for the use of these forks has changed. Had there been mobilization, as I pointed out earlier, in the summer of 1951, more of the family style messing than would be the case if a mobilization were to occur this summer.

Mr. HARKNESS: Is one of these forks required for family style messing?

The WITNESS: Yes.

The CHAIRMAN: Gentlemen, gentlemen. Mr. Drury is the best witness on that matter.

The WITNESS: Colonel Harkness, most of your experience, I think, was overseas, where "family style" was not the right term to use for the type of messing that was in vogue there.

The CHAIRMAN: "Reach" was better.

The WITNESS: I think most of the officers who have done duty as an orderly officer in the camps, both active and reserve, now and during the war will have seen this type of messing taking place.



Mr. APPLEWHAITE: Following along the line of Mr. Adamson's question on the matter of revisions. Have you had any occasion where you had to revise your original estimates upwards?

The WITNESS: Yes, there have been some. I cannot recollect one offhand. I can try to find one.

Mr. ADAMSON: Would it be very difficult to get a list of these items that were ordered and oversupplied subsequently?

The WITNESS: It would be a long list, Mr. Adamson.

Mr. McILRAITH: On a point of order, Mr. Chairman.

The CHAIRMAN: Let us see whether we can reach an understanding here.

Mr. McILRAITH: On a point of order, Mr. Chairman. The point of order is simply this, that the question is not a question at all. It is not a request for the list of the items that were reduced, but it is a request for the lists that were ordered in oversupply and reduced.

The CHAIRMAN: I did not think that was his question.

Mr. McILRAITH: That is not what he intended, but that is what he asked and that is what goes in the record.

The WITNESS: I took it that Mr. Adamson's question is for a list of all those items in which there have been changes in the original assumptions.

Mr. McILRAITH: That is a different point.

Mr. ADAMSON: Yes.

The WITNESS: That covers a very wide field, indeed. The provisioning officers have had to look ahead for a period of 21 to 24 months in making their original calculations. In the last two-year period there have been quite substantial changes in the situation of the armed forces.

Mr. ADAMSON: In types?

The WITNESS: Not in types, in numbers.

Mr. DICKEY: In some cases in types also?

The CHAIRMAN: What do you mean by types?

Mr. ADAMSON: A change to a 3-pronged fork!

Mr. DICKEY: As I understand it, the over-all requirements for the serving forks have been substantially changed by the changes in the type of messing.

The CHAIRMAN: Gentlemen, could I divert this committee from serving forks for a while and on to something that would appear to be a little more important? From some of the items he dealt with this morning—

*By Mr. James:*

Q. How about shoes? What was the whole number of all types of shoes now ordered in that one? It may be here, but I have not got it before me.—A. Well, I do not know that I have. I will have to do some arithmetic to add up all these various figures.

Mr. HARKNESS: According to the sessional paper available on the 7th it was 1,304,407 pairs. That was Sessional Paper 18-A of April 7, 1952.

Mr. DICKEY: You had better give the dates because that covers a specific period of years. It may not be the same as that mentioned by Mr. Drury.

Mr. HARKNESS: That was from April 15, 1951, to February 29, 1952.

The CHAIRMAN: Gentlemen, let Mr. Drury answer it.

The WITNESS: This is quite relevant, Mr. Chairman, in order to try and make these figures gibe. The figures you are reading, Mr. Harkness, represent contracts placed by the Department of Defence Production in what year?

*By Mr. Harkness:*

Q. April 15, 1951, to February 29, 1952.—A. I am sorry, the figures I have do not cover that period.

Mr. DICKEY: It is a Defence Production question anyway. Can't we have somebody answer it when we are on it? This was a question which was answered as an order for return some time ago.

Mr. McILRAITH: It is shown in the actual order for return. If these departmental officials read the order for return they may be able to clear up the point very quickly.

The WITNESS: If the members are interested, Mr. Chairman, I can break down the various numbers on which our requirement was calculated.

*By the Chairman:*

Q. Let us have one. Do it on shoes.—A. I will start with the navy boots and shoes, leather. That is just one item. I mentioned that the scale of issue was two pairs of boots and one pair of shoes, that is, three pairs of leather footwear per man in the active force.

*By Mr. Dickey:*

Q. That is peacetime shoes?—A. Yes.

*By Mr. Adamson:*

Q. That is navy?—A. Yes. The scale of issue to the reserve force is two pairs per man. The university naval training division, two pairs per man; the sea cadets, one pair per man and the W.R.N.S. three per woman.

Now, in 1951 the navy had an intake into the active force of 2,762. Multiply this by the scale of issue which is three and you reach a figure of 8,286 pairs of boots required for initial issue in that year. In the reserve force, the intake was 883 new men at two pairs each for a total of 1,766, the U.N.T.D. intake was 500, at two pairs each for a total of 1,000 pairs of boots, the sea cadets had an estimated intake of 5,000 at one pair each for a total of 5,000 pairs.

The usage of these boots is scaled for the active force one pair per man per year and the reserve force one-half a pair per man per year and the W.R.N.S. one pair per woman per year. The average strength for this period in the navy was 10,715 times one makes 10,715 pairs. The reserve force average strength was 3,579, the U.N.T.D. 1,648 and the cadets 10,000.

I did not mention that the wastage in the cadets runs at one-quarter of a pair of boots per boy per year or four years per pair. For the reserve forces the total number of pairs is 6,717. The total, therefore, required during the year 1950-51, the fiscal year 1950-51, for initial issue, maintenance plus an allowance for sizing on top of all of those was 45,123 pairs of boots and shoes, leather.

The following year, 1951-52, based on a similar source of computation, the total figure works out at 56,191 pairs.

The mobilization stockpile on boots and shoes for the navy was computed at 108,000 pairs, which is just about the same as two years' consumption at the current rate.

*By Mr. Applewhaite:*

Q. With the current number of men in the force?—A. Well, over the last two years in the navy, that is correct.

*By Mr. Adamson:*

Q. Are there any rubber boots in the navy?—A. Yes, I am just dealing with leather boots. You cannot add apples to oranges.

Mr. JAMES: It makes an awful drink anyway.

The WITNESS: In the army including leather boot footwear we have ankle boots, shoes and boots, motorcyclists for the man and boots, ankle and shoes for the C.W.A.C. The scale of issue is the same as for the navy and the consumption of boots is as I indicated earlier two and one-fifth pairs per man for the active force, for the Korean force four per man per year and the European force three pair per man per year. The reserve force is three-fifths of a pair per man per year, the C.O.T.C. the same, the Canadian Army Cadets the same. It is estimated C.W.A.C. consumption will be  $1\frac{1}{2}$  per women per year. We have no post-war experience on the activities of the C.W.A.C. nor the way in which their post-war footwear will stand up.

I do not think the members will be interested in all the arithmetic I went through for the navy. The computation is the same numbers, times wastage and new intake and so on. The maintenance figures, however, have added to them in the case of the army a number for resale to officers and men which is quite small. Some 2,000 were provided for that.

Another factor we included in the navy computation is a theatre operating stock on a strength of 8,000 required to be held in Korea. One year's operating stock would be four times eight or 32,000 pairs of boots to be held in the theatre. There was no provision made in 1950-51 calculations for the operating stocks to be held in the theatre for the 27th Brigade, the number of boots, shoes, motorcyclists boots, male and female, for 1950-51 adds up to 283,294. For 1951-52 the total figure includes a one year's operating stock for the 27th Brigade in Europe of 21,000 pairs which adds up to 358,016 pairs.

In addition provision was made in 1951-52 for a mobilization stockpile in the figure of 522,525 pairs of boots for forces to be mobilized should this occur. Now, the army like the navy make an allowance for sizing of boots.

In the case of the air force, the scales of issue are the same as for the navy and the army. The computed life for airmen's and airwomen's shoes is ten months'. The total maintenance requirements in 1950-51 amounted to 83,003 and in 1951-52, 121,267 pairs and a mobilization stockpile of 72,090.

In addition in the leather footwear division are 1,645 pairs of shoes, white, airwomen's, which I mentioned.

Mr. HARKNESS: What is the cost of these boots, ankle, leather?

Mr. BENEDICKSON: Well now, you really have a limit there because I understand they let a contract to the maximum production a man can take over a period of time and when they have to have any more they have to negotiate with a second, third and fourth contractor.

*By Mr. Harkness:*

Q. There must be an average cost—A. Over the period in question I am told the price ran from \$9.50 to \$12.50 for a pair of boots, ankle, leather. Recent contracts have been closer to the top point of the contract than the lower one.

*By Mr. Applewhaite:*

Q. You mentioned some 32,000 pairs were requisite stock to be maintained in Korea by your figures. Is that stock there?—A. We have our requisite operational stock of boots, ankle, in the Orient.

The CHAIRMAN: Mr. Weaver has a question.

*By Mr. Weaver:*

Q. I would like to have the same thing for socks only not going into all the details for the army—rather the three services, the total for socks?—A. The total numbers requisitioned during the two-year period were 418,000 pairs for the navy, 3,869,661 pairs for the army and 1,278,000 pairs for the air force.



Mr. BENIDICKSON: This is not the total of the figures you gave us.

The CHAIRMAN: This is socks.

*By Mr. Weaver:*

Q. How long does a pair of socks last in the army?—A. We have got quite a few. In the active force, the initial issue is ten pairs of which six are called general service, heavy, and four pairs light weight for a total of ten pairs. The average wear for the troops in Canada is four and four-fifths pairs G.S. per year and two and one-fifth light weight. In Korea, where they do not get light-weight—12 pairs G.S. per annum.

In Europe the estimate—and we have not got experience to determine this yet—but the estimate is 6 pairs G.S. and  $2\frac{1}{2}$  pairs lightweight per man per year.

The CHAIRMAN: Gentlemen, it is now 1 o'clock. The agenda committee will meet tonight at 8 o'clock. I do not think anyone is particularly interested in the pipe line bill so we will have a little time.

The committee adjourned.









HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament  
1952

SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

*Chairman:* MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

THURSDAY, JUNE 12, 1952

WITNESSES:

Mr. T. N. Beaupre, Assistant Deputy Minister, Mr. E. V. Rippingille, Jr., Director, Aircraft Division, Mr. Wm. Cunningham, Assistant Director, Ship-Building Division, Department of Defence Production; Mr. Angus McGugan, Commissioner, Canadian Maritime Commission; Mr. D. P. Mansur, President, Central Mortgage and Housing Corporation; Mr. C. M. Drury, Deputy Minister, Department of National Defence.





## MINUTES OF PROCEEDINGS

THURSDAY, June 12, 1952.

The Special Committee on Defence Expenditure met this day, at 11.00 o'clock a.m. Mr. David A. Croll, the Chairman, presided.

*Members present:* Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Campney, Croll, Dickey, Gauthier (*Portneuf*), Harkness, Henderson, Hunter, James, Jones, Larson, MacLean (*Queens, P.E.I.*), Macdonnell, McIlraith, Stewart (*Winnipeg North*), Stick, Weaver. (20)

*In attendance:* Messrs. C. M. Drury and W. R. Wright, Department of National Defence; Messrs. T. N. Beaupré, E. V. Rippingille, Jr., Wm. Cunningham, Director, Ship Building Division, D. A. Golden, Associate General Council, Department of Defence Production and R. G. MacNeill, Department of Finance.

The Chairman presented the Sixth Report of the Sub-Committee on Agenda namely:

The Sub-Committee on Agenda met at 8.00 o'clock p.m. on Tuesday, June 10. Mr. David A. Croll in the Chair.

*Present:* Messrs. Applewhaite, Campney, Dickey, Gauthier (*Portneuf*), Harkness, Macdonnell and Stewart.

Your Sub-Committee recommends that the Committee

1. hold a meeting at 11.00 o'clock a.m., on Thursday, June 12, to continue with its arranged present program.
2. hold another meeting at 4.00 o'clock p.m., on Thursday, June 12, to hear evidence on construction of married quarters and related matters, thus completing the taking of evidence.
3. meet on Tuesday, June 17, at 11.00 o'clock a.m., to discuss the report to the House.

On motion of Mr. Campney, the above Report was adopted.

The Chairman tabled the following returns marked:

EXHIBIT V—Request for an example from any Service establishment showing how the arms and ammunition lost in a fire are checked and identified against the records.

EXHIBIT W—Quantities, description and value of arms and ammunition lost by fire or theft or written-off included in Exhibits "B", "C", and "D" filed with the Committee on May 8, 1952.

He also tabled two sets of the following which were requested from the Department of Defence Production on June 3, last. They were marked:

EXHIBIT X—Copies of formal contracts, letters of intent, etc., relating to capital assistance, together with general conditions of contracts, being departmental documents Nos. 26, 30, 31.

In this connection, the Chairman tabled as well a summary of capital assistance program approved to May 31, 1952, as prepared by the Department of Defence Production (*see Appendix 26 to this day's Minutes of Proceedings and Evidence*).

Mr. T. N. Beaupré was called further. He made an explanatory statement on capital assistance and was examined.

Mr. T. N. Beaupré was also questioned on items for ammunitions listed in Exhibit A.

Mr. E. V. Rippingille, Jr. was called and gave additional information on aircraft items listed in Exhibit A and was jointly questioned with Mr. Drury.

Mr. Wm. Cunningham was called and questioned on ships.

Because the Canadian Maritime Commission nominates Canadian firms to tender for the building of ships, the Committee decided to hear evidence from a member of the Commission at its afternoon meeting.

At 1.00 o'clock p.m., the Committee adjourned to meet again this day at 4.00 o'clock p.m.

#### AFTERNOON MEETING

The Committee resumed at 4.00 o'clock p.m. Mr. David A. Croll, the Chairman, presided.

*Members present:* Messrs. Adamson, Applewhaite, Blanchette, Campney, Cavers, Croll, Dickey, Gauthier (*Portneuf*), Harkness, Hunter, James, Jones, MacLean (*Queens, P.E.I.*), Macdonnell (*Greenwood*), McIlraith, Stick. (16)

*In attendance:* In addition to those listed at the morning sitting, Mr. Angus McGugan, Commissioner, Canadian Maritime Commission; Messrs. D. B. Mansur, President, J. J. Stirton, Supervisor, Construction Division, Central Mortgage and Housing Corporation; Mr. C. M. Drury and W. R. Wright, Department of National Defence; Mr. T. N. Beaupré and Miss Ruth A. Addison, Department of Defence Production.

Mr. Beaupré amplified an answer on the cost of armament and electronic equipment for escort vessels and others, and was briefly questioned.

As agreed at the morning sitting, Mr. Angus McGugan was called and examined on ship-building programme.

The Chairman expressed the appreciation of the Committee to Mr. McGugan and he was retired.

Mr. D. B. Mansur was called. He read a prepared statement on construction program for National Defence particularly the construction of married quarters, and was questioned. Copies of his statement were distributed.

The Chairman also thanked Mr. Mansur and he was retired.

Mr. Drury was called to deal with unanswered questions on losses due to fire, theft, etc. He gave comparative percentage figures for industry.

The Committee concluded its consideration of Exhibits A, B, C, D, being statistical data on defence expenditures and losses due to theft, fraud, fire and write-offs, thus completing the taking of evidence.

Before adjourning, the Chairman expressed his appreciation to the members of the Committee, to Mr. Drury and his assistants of the Department of National Defence, to Mr. Beaupré and his assistants of the Department of Defence Production.

The Chairman had a special word of praise for the night staff of the Printing Bureau.

Messrs. Drury, Beaupré, Grant, Reid, Malley, Rippingille, Jr., and Cunningham were retired.

On motion of Mr. Stick seconded by Mr. Dickey,

*Resolved:* That the thanks of this Committee be extended to all the witnesses who have appeared. That thanks also be given to all those who in the departments concerned worked so diligently to supply the members with the mass of information presented to this Committee.

At 6.00 o'clock p.m., the Committee adjourned to meet again, in camera, on Tuesday, June 17 at 11.30 o'clock to discuss a draft report to the House.

ANTONIO PLOUFFE,

*Clerk of the Committee.*

## EVIDENCE

JUNE 12 1952.

11.00 a.m.

The CHAIRMAN: Gentlemen, I will read the sixth report of the subcommittee on agenda, which met at 8.00 p.m. on June 10. (*See Minutes of Proceedings.*) Our next meeting will be after the orders of the day, on Tuesday next. I notice that we are commencing morning sittings on Monday, we did not know that at the time.

Mr. CAMPNEY: That will be in camera?

The CHAIRMAN: Yes.

It is moved and seconded that the report be adopted.

Carried.

I have here an answer to a question asked by Mr. Churchill re "Request for an example from any service establishment showing how the arms and ammunition lost in a fire are checked and identified against the records". That will be marked exhibit V.

I have also an answer to another question asked by Mr. Churchill re "Quantities, description and value of arms and ammunition lost by fire or theft or written off included in Exhibits "B", "C" and "D" filed with the committee May 8, 1952". That will be marked exhibit X.

In addition to that, I have before me the capital assistance program of the Department of Defence Production, a table of what is being filed with the committee. There are about 67 such formal contracts or intents being filed. This summary, which will be printed in the record, refers to 87 items.

Mr. BENIDICKSON: Does that indicate that they are all of a pattern, as Mr. Macdonnell indicated here?

The CHAIRMAN: I will have Mr. Beaupré explain exactly what they contain.

**Mr. T. N. Beaupré, Assistant Deputy Minister, Department of Defence Production, called:**

The WITNESS: Do I have your permission to say a few words on capital assistance in general, Mr. Chairman?

The CHAIRMAN: Yes.

The WITNESS: The capital assistance that we are talking about provides for the construction or acquisition of Crown-owned buildings, machinery and equipment for the production of defence supplies where the required facilities are not elsewhere available in Canada and where private contractors are not willing to undertake this expense themselves due to the very small residual value, or possibly no residual value, that these items would have after the defence contracts have been completed. Title to the assets is invariably vested in the Crown and, in cases where the plants are wholly owned, the land on which the plants are built must also be in the name of the Crown. During the last fiscal year provision for capital assistance was made in the estimates of both the Department of National Defence and the Department of Defence Production, in the amounts of \$50 million and \$100 million, respectively, for a total of \$150 million. Against this, commitments totalling \$112 million were



entered into prior to March 31, 1952. However, due to the difficulty in obtaining delivery of machine tools and a shortage of certain building materials, expenditures during the past year against these commitments amounted to only approximately \$46 million—

Mr. STICK: That is up to the end of the fiscal year 1952?

The WITNESS: March 31, 1952—thereby necessitating a re-vote of some \$66 million, which amount becomes a first charge against the funds to be voted in the 1952-53 estimates. These funds are to be voted this year only in the Department of Defence Production estimates and are included in the \$85 million items which are in the department's estimates now before the House. Estimated expenditures for the year 1952-53 in respect of wholly owned Crown owned plants and one Crown company, which is Canadian Arsenals Limited, total some \$42 million. The balance of \$43 million—that is the balance of the \$85 million which the department is asking for in the estimates—is to provide capital assistance in the form of machine tools, special equipment, etc., to private contractors. . Actually the breakdown of total capital assistance for which we have entered into commitments to date is as follows:

For buildings, \$38,818,093; machine tools, special equipment installation costs, etc., \$106,159,198. In other words, 73 per cent of our capital assistance is for machine tools, etc., and only 27 per cent for new buildings.

What we are at the moment tabling is a summary of all our capital assistance commitments which runs to some three pages, and we have listed 87 items. Mr. Chairman, I would like to point out we are not tabling 67 contracts, as you mentioned, I think, in your opening statement, and that for one or two reasons. You will see that we have marked an S or an R against certain items, and these are contracts which have been classified as secret or as restricted. In some instances we have been able to, by deleting a few things—delete enough in order to declassify this material. In other words, if it is a fuse we have had to take off the serial numbers which identify that particular fuse, but I do not think that it makes any difference to the contracts; and, again, in the actual contract we have gone through it and taken out a few words which would make it liable to security criticism if we let those markings go through. However, these markings on fuses do not, I am sure, affect the contract. There are one or two instances in which we could not table the contract without mutilating it, but there are very few of those. Towards the end of the itemized list, there are a few contracts for which the agreement is in the course of preparation, and so have no actual documents yet. There are five or six of these listed and, consequently, the documents will not appear in this group. We do have special authority which was given to us some time ago when machine tools were difficult to get—they still are—and we had to make spot purchases of tools. We knew we were going to need those tools, although they have not yet been allocated to any project, and so we do not know which company is going to get these tools. In all, there are 87 tabled items listed in this compilation, and 67 formal contracts tabled.

In going through these contracts, you will find frequent reference to DDP 26, DDP 30, DDP 31. DDP 26 consists of general conditions which apply to all contracts unless otherwise stated; DDP 30 is a particular set of conditions for capital assistance; DDP 31 is a costing memorandum.

The committee may remember that when Mr. Mackenzie appeared before this committee early in the last session he tabled a book with the committee showing the various forms used by the department. For the convenience of members reviewing these contracts, I have attached one copy of each of these various documents. They are referred to constantly throughout the various contracts so committee members may wish to refer to the documents in conjunction with the contracts.

The CHAIRMAN: Mr. David A. Golden, associate general counsel of the department, is here this morning. I realize the committee is unable to question him, not having had an opportunity to examine the documents which Mr. Beaupre has filed, so the documents will remain in the custody of the clerk of the committee and any member of the committee who wishes to see them can see them, can take them and examine them, and if he desires any further information, communicate with Mr. Beaupre, who will then contact Mr. Golden, who will explain whatever requires explanation.

Now, as to the program this morning—I will give you an idea of what we have in mind—I thought we would move along on aircraft and try and leave an hour for ships, I need 10 minutes for Mr. Beaupre to answer some questions with respect to ammunition. So, gentlemen, if you approve, try and conform to that. We will then be able to complete our program.

Mr. BENIDICKSON: Will that ammunition item give the comparison in costs between United Kingdom and Canadian Crown company manufactured articles?

The CHAIRMAN: Quite right.

Mr. MACDONNELL: I have a short question.

The CHAIRMAN: Mr. Macdonnell, you will have an answer to your short question before we leave here. We have not got it completely at the moment. Mr. Drury is waiting for a portion of the answer.

There was a question asked with respect to item 67 on the top of page 9. Mr. Rippingille has an answer to that.

**Mr. E. V. Rippingille, Jr., Director, Aircraft Division, Department of Defence Production, called:**

The WITNESS: The question was relevant to the unit cost of the model T-33A aircraft purchased in the United States, and that unit cost of air frame and engine is \$93,578. That was the answer. I would like to make the following statement here, that the total amount of \$5,232,000 was not expended because in February it was decided that the life expectancy of the engine would permit us to cut the quantity from 100 spare engines down to 60 spare engines, with the result that the total expenditure would be about \$3,536,000, plus duty, exchange and sales tax applicable, which will bring the unit cost of all planes, including spares, to about \$230,000.

The CHAIRMAN: Now we are on No. 74, on page 9. 74, 75.

*By Mr. Stewart:*

Q. Mr. Chairman, the unit cost of this engine is \$42,000?—A. The unit cost of the engine—the engine alone—is \$22,375.

Q. Perhaps I made a mistake in my arithmetic here. Actually you said the contract costs had been reduced to \$3,536,000 due to the reduction in the number of engines from 100 to 60.—A. That \$5,232,000 included all the aircraft and the engines.

Mr. McILRAITH: As well as taxation.

*By Mr. Stewart:*

Q. Concerning the production price—is there any other reduction in quantity or is this reduction just on engines?—A. The reduction was in the quantity of engines from 100 to 60.

Q. You are down 40 engines and down \$1,700,000. I was just considering the cost of the Rolls Royce engines against this J33-35. The Rolls Royce engines must be cheaper on the basis of these figures.



Mr. DICKEY: Did the witness not give the unit cost? In his previous answer I think he said that that figure of \$3,500,000 was less sales tax and other taxes.

Mr. STEWART: That may have made the difference. There is a difference of about \$5,000 in the engine costs, per unit.

Mr. MACDONNELL: Mr. Chairman, could I ask whether the witness could give us the total amount of taxes that is in the cost of these. I would be interested to know what they amount to.

Mr. BENIDICKSON: We had some evidence on that earlier, Mr. Macdonnell, in a particular way.

The CHAIRMAN: That is quite right. It was given in reply to a question by Mr. Adamson at the end of last year, and it was filed with us at the beginning of this year.

Mr. DICKEY: As I recall the answer, it was, broadly speaking, about 10 per cent of the unit cost.

The CHAIRMAN: Perhaps the witness could help us on that.

The WITNESS: It is very complicated. We calculate on all parts imported by the government, the figure is roughly 30 per cent for duty and sales tax. Duty, sales tax and transportation we calculate roughly at 30 per cent.

Mr. MACDONNELL: So it shoves up your costs and shoves up the government revenues at the same time. It has a funny effect.

The CHAIRMAN: Not from the government point of view!

Mr. BENIDICKSON: I wonder if the clerk of the committee could find the reference in the evidence on that subject. It was tabled at our sittings this year. If we could go back to it, it would clear this up.

The CHAIRMAN: You go right ahead. I think I can put my finger on it.

*By Mr. Stewart:*

Q. Do I understand that the cost of these aircraft with engines was \$93,500?—A. \$93,578 to be exact.

Q. And the cost of a comparable machine made in Canada seems to be about \$230,000. Now, there must be an answer to that. Is your answer that it is caused by the processing of tooling up, or what is it?—A. The total cost of the 20 planes, with spares and all spare engines, spare parts and everything else, was \$3,500,000. That is a net figure, \$176,800 per unit, to which we have added duty and sales tax, which brings us nominally to about \$230,000 per unit.

Q. Duty and sales tax surely would not account for about \$50,000?—A. Close to it.

Q. Let us get this straight. The Americans supply us these machines at about \$93,000. Is that with all equipment?—A. The completely equipped aeroplane is \$93,700.

Q. Now, we can make them for what? According to this—it is only an estimate—it seems to be well over \$200,000.—A. If you take the total that we are going to pay for 576 aircraft, including all of the spares and the engines and the government-furnished property in terms of instruments, radar, etc., and add it all together, I think you will arrive at a figure of \$277,000 per unit, would you not?

Q. It is around about that. This seems to me to be a comparison of \$93,500 and \$277,000, if my comparison is right?—A. No, because included in this \$277,000 is all of the spare parts and all of the tooling, plus the duty and sales tax on imported materials, and spare engines and everything else.

Q. Of course I do not know what tooling and overhead costs are or what they might be, but even assuming 100 per cent, it will leave a very substantial gap between the American price and the Canadian price.—A. There is a very substantial gap.



Q. I do not think the committee ought to delude itself by thinking that taxes which are added on to these things bring the price up to that. What we pay the government really is not part of the cost.

The CHAIRMAN: Let me clarify the answer with respect to tax. In the minutes of proceedings and evidence of April 24, 1952, at page 108, I read:

Based on the present three year production program, it has been estimated that customs duties will account for approximately 2.5 per cent of total expenditures on defence procurement in this period.

II. Based on the present three year production program, it has been estimated that sales and excise taxes will account for approximately 7 per cent of total expenditure on defence procurement in this period.

So the suggestion that it was near 10 per cent is nearer the mark.

*By Mr. Stewart:*

Q. Can the witness tell me is there any integration, or attempted integration, in aircraft production between the United States and Canada?—A. Now, just what do you mean by integration?

Q. I mean, in a case where the United States can manufacture, let us say, a plane better and cheaper than we can, as against the case where we can manufacture something better and cheaper than the United States can, do we attempt to come to an exchange on a certain basis?—A. Given comparable quantities we can do that, but in this instance we were buying from the United States an aircraft which has been in production for a considerable length of time there, and there were many thousands of them built, and there were practically no tooling or pre-production costs involved, but in the 576 that we are going to have made in Canada we do have that expense at present.

Q. I wonder what the unit cost will be when we get rid of our tooling costs in Canada?—A. It would be comparable to the United States costs, having once written off the tooling. It would be around \$100,000 on aircraft.

MR. BEAUPRÉ: I wonder if this would possibly be a further answer to the question. There are specific examples of integration of the two programs, and there are a number of examples of how the facilities of the two countries are being used. Of particular interest to us, possibly, is the confidence and reliance that the Americans are showing in Canadian facilities; for example, the Harvard program, that is very much a joint program at Canadian Car, and Rt. Hon. Mr. Howe in the House mentioned that the Americans have now indicated that they would like us to take on another trainer program for them. They are themselves going to de Havilland for the purchase of aircraft. We had the example of the diversion of the F-86's from Canadair to meet an emergency requirement of theirs, and the costs were in that instance very comparable to their own costs and that was an indication of how we can get our costs down as production goes ahead; again there is another program at Canadair which is entirely a United States program.

MR. STEWART: Let me suggest this, Mr. Chairman, the only figures appearing on the records were \$93,500 for one type and \$277,000 for the other, and I thought it was only right and fair for us to be given reasons for the difference, and I am satisfied at present.

MR. BENIDICKSON: Under our present thinking, is this aircraft T-33A sufficiently up to date that there is a reasonable expectation that we will be requiring more than 576 of these?

MR. DRURY: Our known requirements at the moment do not extend beyond this figure of 576 for the three-year program. I would hesitate to make any statements about what might or might not happen beyond that period. Obviously the 576 are going to be consumed either through wearing out or by the few crashes we have where the aircraft are damaged beyond

possibility of repair, and these will have to be replaced, but what form the training plan will have beyond the three-year period I am not in a position to say now.

Mr. LARSON: Is it likely we will be making any of these for the Americans?

Mr. DRURY: That is quite hard to say. To take the case of the F-86's, at the outset it appeared quite unlikely we would be manufacturing them for the Americans. In the meantime it has developed that that Americans have been very glad indeed that we were able to provide them with a number of them, but one cannot say with any degree of finality that a similar situation would not arise in the case of the T-33A's.

The CHAIRMAN: Gentlemen, we are at item No. 75.

Mr. MACDONNELL: I am sorry, but I was not able to follow, as I would have liked to, the explanation between item 68 and item 70. Would the witness just run over that quickly again, showing how the difference is accounted for?

The WITNESS: The question that was brought up was, what was the unit cost of the T-33A trainer aircraft as purchased from the United States, not including the spares for air frames or spare equipment in general, nor spare engines, in the price. The price that we paid to the United States government, excluding excise and sales tax is \$93,578. I further said that instead of buying 100 engines we reduced the quantity to 40 engines because of the change in life expectancy of that engine. Now, as regards the total cost of the T-33A's, which we will build in Canada, we have these amounts of \$120,000,000, \$6,655,519 and \$33,355,350, but all of those figures include tremendous amounts of pre-production expense, all our tooling costs and all our spare parts.

Mr. BENIDICKSON: The unit cost was what?

The CHAIRMAN: I understood you to say to Mr. Stewart that if you compared like with like the costs would be comparable.

The WITNESS: They will after we have absorbed the tooling and pre-production expenses.

The CHAIRMAN: Yes, that was the answer.

Mr. MACDONNELL: Let me question that for one second. That is leaving a great deal, you can say, to generalities. The witness speaks about the tremendous cost of tooling and pre-production expense. I understand that in a general way, but is there any yardstick we can measure that against? There is an awful lot to be embodied in that difference, the difference between \$93,000 plus say 10 per cent for taxes, and the other figure, which is something over twice as large.

Mr. DICKEY: Plus spares.

Mr. MACDONNELL: I realize that, but can we not have that isolated to arrive at a figure that is comparable? Have we not any figures north and south of the line that we can compare? Can you isolate the spares?

The WITNESS: I can isolate the spares and the pre-production expense, as we estimate it, and the tooling costs.

Mr. MACDONNELL: Now, would it not be worth while to have those isolated? They are substantial amounts, one of the largest amounts we have to deal with here.

The WITNESS: I do not have those figures with me, but it can be done.

The CHAIRMAN: We will try and have them before we close the record, I will ask Mr. Beaupré if he can give us a breakdown and we will try and have it for the record.

Mr. BENIDICKSON: If we are not going to build any more than 576 of these aircraft, it is a fair statement to say that each one is going to cost \$276,000 as against a U.S. price of \$100,000?

The WITNESS: They are not available in the States.

Mr. BENIDICKSON: It is the same story as tanks. You could not get them if you did not build them yourself.

The CHAIRMAN: We are on items 75, 76, and 77.

Mr. HARKNESS: On 76 and 77, Expeditor aircraft, I have two questions. First, what are these Expeditor aircraft, and second, why is it that in one case 100 are costing us \$7,985,000 and the other case 9 cost \$9,291,000.

The WITNESS: Item No. 77 is a contract which includes spare parts for both of these contracts. In other words, we ordered the one lot and lumped all of the spares into the second item.

Mr. HARKNESS: What kind of aircraft are these?

Mr. DRURY: An Expeditor is a twin engine aircraft with a capacity of five passengers and is used as a basic navigation trainer which must have at least a two seater capacity. It is used as a twin engine trainer for pilots and, in very limited number, as a light transport aircraft.

The CHAIRMAN: 79 and 80? 81, 82, 83?

Mr. MacLEAN: Items No. 76, 77 and 78 give a total of 281 Expeditor aircraft?

The WITNESS: Right.

Mr. STEWART: On Item No. 82, Mr. Chairman, what is the reason for the extraordinary high unit cost of those transports?

The CHAIRMAN: Mr. Stewart, you will remember that in one of our sittings we tabled a contract and a memorandum of the negotiations. At that time, Mr. MacKenzie put it on the record.

Mr. STEWART: The reason for the high unit cost is on the record?

The CHAIRMAN: The contract is there and it speaks for itself. I do not suppose they can add any more to it—there were questions then.

Mr. STEWART: Was it tabled today?

The CHAIRMAN: It is on the record already.

Item No. 83?

Mr. BENIDICKSON: Would the witness describe the difference between the sizes and capacity of these three helicopters?

The WITNESS: No, I think somebody from the R.C.A.F. would be better qualified to do that.

The CHAIRMAN: Mr. Drury seems to be our contact there?

Mr. DRURY: The Bell aircraft is a relatively light helicopter used by the navy. It is small so that it can be used in connection with the Arctic patrol vessel being constructed. That Arctic patrol vessel has a small deck for land and take offs and can only make use of a small helicopter, or two small helicopters.

The Sikorsky helicopter is used by the navy in connection with operations of the aircraft carrier for rescue purposes, particularly pilot rescue operations resulting from crashes that occur when flying on and off the carrier. It is a larger, longer range and more rugged machine than the Bell helicopter. The Piasecki helicopter is a larger machine and has a capacity of twelve to fifteen passengers. It is of much longer range than the Bell or the Sikorsky and it is equipped to land on either sea or land. It is for use in search and rescue operations both on sea and on land.



Mr. BENIDICKSON: How many engines has the Sikorsky?

Mr. DRURY: The Sikorsky has one engine manufactured by Pratt and Whitney.

Mr. BENIDICKSON: Are Pratt and Whitney bringing out a number of these or is this a special custom order?

Mr. DRURY: These are not prototypes. All of these helicopters are off United States production lines.

The CHAIRMAN: Items 86 and 87?

Mr. MacLEAN: What are these items?

The WITNESS: They are power supplies for starting jet aircraft. They consist of motor generators and sets of other equipment, of mobile type, that can be wheeled up next to the aircraft to start it.

Mr. HARKNESS: In connection with 87(a) which is the big item in this whole thing, being for more than all the rest of these items together, the note at the bottom says supplier includes A. V. Roe—CF-100, Canadair—F-86 Sabre I presume, and probably other aircraft. Now, could we be told that it is these two aircraft that the item takes in or whether there are other aircraft.

Mr. DRURY: Mr. Chairman, other aircraft are involved. There is no harm in saying what they are. They are Avengers, the naval anti-submarine aircraft; Sea Furies, the naval fighter aircraft—both of which are carrier borne.

Mr. HARKNESS: Without breaking any security, could we have any breakdown as to the amounts as between those four aircraft?

Mr. STEWART: Do we want that?

The CHAIRMAN: He asked the question fairly. He started by saying "without breaking security..." now it is up to Mr. Drury. Can you answer without breaking security?

Mr. DRURY: The answer is that had we been able to do so we would have listed them separately as we have done other contracts rather than lumping them all together.

Mr. STEWART: Are there any amounts of capital assistance in this figure, Mr. Drury?

Mr. DRURY: There is not capital assistance in the sense of a capital assistance contract included in the figure of \$668 million odd.

Mr. STEWART: Is there capital assistance of any type?

Mr. BEAUPRE: There is no capital assistance in this figure of \$668 million.

Mr. HARKNESS: With reference to the answer that Brigadier Drury gave, could we be told why a breakdown of the amounts for each of those four aircraft would infringe on security?

Mr. DRURY: I think that is a fair question, Mr. Chairman. These aircraft which are listed under section 87 (a) include those currently being procured and used for the active defence of this country. These are the first line of defence and the numbers, rates of production, and total quantities contemplated are all naturally in the classified list. There have been figures of one sort or another unofficially published, but any figures tabled in this committee are official and serve to confirm or deny estimates made by a possible enemy of the correctness or otherwise of the unofficial figures which have appeared in the press and elsewhere.

Mr. HARKNESS: I did not ask for the numbers or anything of that nature. All I have asked for was a breakdown of the amounts for the four types and I could not quite see how that could affect the security angle?

Mr. DRURY: The breakdown of the four types would enable a reasonable estimate to be made of the size of each of the contracts and the numbers

involved. There is a fair amount of information on the unit cost of the F-86 and if you have the total size of the contract and the expenditures made to date it is not too difficult an arithmetical operation to arrive at the numbers delivered and the rate of production.

Mr. HARKNESS: If this is not contrary to security, does that figure include all the equipment and armament for those aircraft or is it just the aircraft themselves?

Mr. DRURY: Unless the ancillaries are specifically listed elsewhere in this document—and you will recall there was for instance a contract for aircraft machine guns—the figure includes the all up cost of these aircraft.

Mr. HARKNESS: It would include, for example, the radar with which they are equipped?

Mr. DRURY: Yes.

Mr. HARKNESS: Now, again subject to the security requirements, can you tel us what radar they are equipped with?

Mr. DRURY: Subject to security requirements I cannot.

Mr. HARKNESS: If you could have answered I was going to ask something about the radar.

Mr. MACDONNELL: I have one more question. I am just as security conscious as anyone else but I would like to be sure that we are not going mystical. I can quite understand that if A.V.Roe is making only one kind of machine, and the cost of that machine is known, and if we give the total contract going to A.V.Roe that gives information which would be undesirable and I respect that situation fully. However, I am coming to the question of whether there is any objection to the total amount of the contracts for the various equipment and nothing else? If A.V.Roe makes only one type of machine to give the figure would presumably be injurious?

Mr. DRURY: Subject to contradiction by Mr. Beaupre, I think that all the contracts we have with A.V.Roe relate entirely to the production of the all weather fighter—with the exception of some small sums for overhaul of Lancaster aircraft.

The CHAIRMAN: Mr. Beaupre agrees.

Mr. DRURY: I might go on and try to satisfy Mr. Macdonnell further. In the case of Canadair, they have a number of contracts but the other contracts have been spelled out in respect of the trainer aircraft and these other machines. If a figure for Canadair is extracted from this total it will be the figure for the F-86 and nothing else.

Mr. ADAMSON: The Avengers and Sea Furies are piston aircraft?

Mr. DRURY: They are piston aircraft.

Mr. ADAMSON: The other two are jets?

Mr. DRURY: Yes.

Mr. ADAMSON: You mentioned the de Havilland had a contrate direct from the United States government. Was that for military aircraft?

Mr. DRURY: I did not mention that; it was Mr. Rippingille.

The WITNESS: The de Havilland contract for the U.S. is for Beaver aircraft with only slight modification to adapt it to reconnaissance work.

Mr. ADAMSON: De Havilland went after that contract and got it themselves.

Mr. MACLEAN: I have a question I would like to put to Mr. Drury at this moment if I am in order. This capital assistance was given as \$46 million for buildings and \$67 million or something of that sort for tooling. Are there any conditions laid down with which companies must comply in order to

qualify for those grants? What I mean is are there certain conditions with which the companies must comply about where their companies shall locate, or can they build where it suits them?

The CHAIRMAN: Perhaps Mr. Beaupre will answer that.

Mr. BEAUPRE: Certainly, Mr. Chairman, the department will only recommend capital assistance when it suits the purpose of the department in its production program. Obviously, we will therefore only locate plants that are to be erected at our expense at locations satisfactory to ourselves, in line with the defence production program. Obviously this is a negotiated operation and if a company were going to manage a plant for us and if they made recommendations as to the location we would listen to those recommendations. If they were going to be responsible for a Crown owned plant we would listen to their recommendations regarding labour supply, water supply, or whatever was important, but the final judgment is made by the department acting on behalf of the Crown. The Crown has the final say.

Mr. DICKEY: Mr. MacLean in speaking of capital assistance used the word "grant". I think as Mr. Beaupre clearly pointed out at the beginning, these payments are for acquisition of Crown owned buildings.

Mr. MACLEAN: Yes, I used the wrong term. I asked the question chiefly because I wanted to know whether, in considering suitable location for plants, the efficiency of the plant is the over-riding consideration or does protection from possible bombing enter into it to any great extent? For instance, in the United States they have a board which spells out locations which are most desirable for defence production plants from that point of view.

Mr. BEAUPRE: I am only repeating statements made by my minister, the Right Hon. Mr. C. D. Howe, when he spoke recently in the House on the question of location of industry. At that time he said that all factors normally taken into consideration are considered—including strategic dispersal as protection from bomb damage or bomb danger, strategic dispersal from the point of view of the labour situation, strategic dispersal from the point of view of the national economy. We recognize the obvious benefit of having dispersal from the point of view of the load on our economy.

The CHAIRMAN: We now have Mr. W. H. Cunningham, Deputy Director of Shipbuilding, we are on page 3.

**Mr. Wm. Cunningham, Deputy Director, Shipbuilding, Department of Defence Production, called:**

The CHAIRMAN: I am happy that we are on page 3 as Mr. Stick and Mr. Applewhaite have been pinning my ears back for weeks. Mr. Jones has also been asking questions on ships so there you are, gentlemen, the witness is yours.

Item No. 1.

*By Mr. Applewhaite:*

Q. Mr. Chairman, the questions I would like to ask relate to the whole program and I think I can get rid of them fairly quickly. With the exception of items 63, 64 and 66 we have about \$230 million worth of contracts to various suppliers. Are all those Canadian suppliers private enterprise yards or are some of them government owned?—A. They are all private enterprise yards.

Q. Were these contracts let by publicly advertised tender or were certain concerns invited to bid?—A. No sir. The basis of government shipbuilding contracts is through the Maritime Commission and, in the case of the main



vessels listed here such as escorts and mine sweepers and all of the larger units, they are allocated with the thought in mind of dispersal and the maintaining of shipbuilding facilities in Canada in the best condition that they can be maintained?

Q. Do you know whether consideration was given on this basis to allocating any contracts to government owned shipyards?—A. I do not think—

The CHAIRMAN: Gentlemen, those of you at the end of the table must be able to hear so speak up, Mr. Cunningham. Your last answer was what?

The WITNESS: I think there are no government owned shipyards at this moment.

*By Mr. Applewhaite:*

Q. Does the witness know who owns the Prince Rupert Dry Dock and Shipyard?—A. That is owned by the Canadian National Railways?

Q. It is operated by the Canadian National Railways but it is owned by the government of Canada and the deficit is being paid by the Public Works Department. It is not fair to expect the witness to know all these details but what I want to know is whether any consideration was given to letting any of these shipbuilding contracts to that yard?—A. I think that general question should be directed to the maritime commission who take all considerations into account.

Q. I think we are entitled to that answer. These are the people who ask us to approve the expenditures—not the Canadian Maritime Commission?

The CHAIRMAN: Yes, you are entitled to an answer, Mr. Applewhaite, and it will be obtained for you.

MR. APPLEWHAITE: In view of the answer Mr. Beaupré gave a moment or two ago in connection with capital assistance, I am entitled to ask whether the department gives any consideration to the strategic value of maintaining and operating a government owned shipyard on the north coast of the Pacific—in view of the international situation?

The CHAIRMAN: Mr. Beaupré will have an answer from the commission.

MR. BEAUPRÉ: Yes. As Mr. Cunningham has said, the government has given the maritime commission responsibility for the over-all maintenance of our shipbuilding facilities in this country. We know something about their decisions but we cannot give the committee any answer about the considerations they had in mind. We do not know what they had in mind but we will ask the maritime commission for the information and make it available.

MR. APPLEWHAITE: I do not want to leave any wrong impression, but what department—the Department of National Defence, the Department of Defence Production, or the Canadian Maritime Commission—assumes responsibility for the letting of these contracts which we are now considering?

MR. BEAUPRÉ: The Department of Defence Production negotiates the contract with the shipyard nominated by the maritime commission.

MR. APPLEWHAITE: Under those circumstances I think we should have had the maritime commission before us. I cannot get any further. contracts.

The CHAIRMAN: Well, we are actually dealing with the expenditures, Mr. Applewhaite, rather than with the letting of the contracts.

MR. APPLEWHAITE: I think whether the expenditures are being made in the over-all interest of the country or not is a matter we are dealing with.

The CHAIRMAN: If an answer is given to your former question will that not tell the tale?

MR. APPLEWHAITE: I think it will.

The CHAIRMAN: We will get that this afternoon.

Mr. STICK: I would like to know the gross tonnage of the escort vessels?

The CHAIRMAN: Can you give him the number of the item?

Mr. STICK: They are all the same in that case.

Mr. DRURY: I have a note here which says 2,600 tons, deep displacement. I must confess I do not know what the "deep displacement" means.

Mr. STICK: That must mean the gross tonnage.

Mr. DRURY: I am told by the experts that it means the gross tonnage.

Mr. STICK: What is the gross tonnage of the minesweepers?

The CHAIRMAN: That would be No. 15?

Mr. DRURY: The gross tonnage is 300 tons.

Mr. STICK: On No. 29 could we have the tonnage of the Arctic patrol vessel?

Mr. DRURY: 5,425 tons or 6,465 fully laden.

Mr. STICK: Will she be an icebreaker?

Mr. DRURY: She will be capable of breaking ice. She is designed to proceed in the Arctic through ice fields and ice packs and consequently has many of the characteristics of the icebreaker.

Mr. STICK: She must be a real icebreaker in the sense that the others are. She must be powered like the others for breaking ice.

Mr. DRURY: She will be powered in the same way as the normal icebreaker.

Mr. STICK: She will be strengthened for operations in ice fields and things like that?

Mr. DRURY: She will be. I should say "is"—as she is about to be christened.

Mr. STICK: This question may not be relevant but can you tell where she is going to be based? You need not answer that if you do not wish to.

Mr. DRURY: Initially at Halifax.

Mr. STICK: I think you said a moment ago that she will be equipped with helicopters?

Mr. DRURY: That is correct.

The CHAIRMAN: Are there any further questions, gentlemen?

*By Mr. Harkness:*

Q. Yes, these escort vessels are all in at a price of \$11 million. What sort of a contract is that? Is it a firm contract of \$11 million in each case or is it a cost plus contract, or what is the basis?—A. It is a cost plus 5 per cent contract. The \$11 million represents our estimate, as close as we can get it, of what we think the final cost will be.

Q. Actually the final cost will be different in each one of these cases, I presume?—A. Yes, sir.

Q. This is just an approximation?

The CHAIRMAN: I have just asked whether the costs would be subject to audit and the answer was yes. I just wanted to clarify that.

Mr. HARKNESS: The note at the bottom I see says that this estimated cost excludes the cost of armament and electronic equipment. Do the contracts we had in this book under guns and electronic equipment cover electronic equipment and armament equipment for these escort vessels?

Mr. BEAUPRÉ: As the note at the bottom says these figures, these estimates, exclude the cost of armament and electronic equipment. Where we have armament in this book it would be in, but I think it is mentioned in the book

that we have not been able to do very much on actual electronic equipment; that has not been possible. You will notice in the book that there is no separate section on electronic equipment.

Mr. HARKNESS: It comes under miscellaneous.

Mr. BEAUPRÉ: We found it very difficult to make this type of compilation cover electronics.

Mr. HARKNESS: Have you any total cost figure for these escort vessels, including armament and electronic equipment?

The WITNESS: No, we had no final figure because in the Department of Defence Production gun production is the responsibility of another division, as is electronics and their final coming together is in the Department of National Defence, I am sure that there is no final figures because a lot of this equipment is still in its early production stage.

Mr. HARKNESS: I wonder if Brigadier Drury could give any answer to that question? The ball seems to have been thrown to him.

Mr. DRURY: The estimates of costs that we have are obtained from the Department of Defence Production. National Defence is not in the manufacturing business and we have to rely on the experts in this matter to furnish us with estimates of costs.

Mr. HARKNESS: However, in preparing your estimates for submission to parliament you must figure on some total cost for these vessels.

Mr. BEAUPRÉ: Mr. Cunningham is associated with the shipbuilding division and in order to get costs of electronic equipment and costs of guns that will go into these individual ships, I am afraid we would have to refer to our gun people and electronic people and bring the figures together. The question is outside the purview of Mr. Cunningham, and I must admit I do not have with me those figures which we will have to extract from two other divisions of our department.

The CHAIRMAN: I think you made that clear before. Mr. Harkness was asking if Mr. Drury could answer the question and Mr. Drury said that he did not have the answer.

*By Mr. Stick:*

Q. The tonnage of the escort vessel was given to us as 2600 tons and the cost is shown to be \$11 million, excluding the electronic and gun equipment. The Arctic patrol vessel tonnage is 5,425 and the cost is given as \$12,750,000. Could the witness make a comparison between the size of these vessels and the costs, if he can. Admittedly, the construction is different. I do not know, but I should imagine that the Arctic patrol vessel would have to be more strongly built than the escort vessel. I do not know where that difference is, but could the witness explain the difference between the two, explain the small difference in costs as between the big difference between the two tonnages. Perhaps security reasons make it difficult there?—A. It is a very difficult question to answer. They are entirely two different types of vessels. Mr. Drury will confirm, I think, that the size of these vessels is still under security, is it not, Mr. Drury?

Mr. DRURY: By size, not the tonnages.

The WITNESS: The sizes, I believe, are under security.

Mr. DRURY: The dimensions.

The WITNESS: The dimensions?

Mr. DRURY: The over-all dimensions are not classified; if they would be of interest to the committee, I can give them.

The CHAIRMAN: Do you want those, Mr. Stick?



Mr. STICK: What I am trying to get at is the comparison in costs. The 2,600-ton escort vessel is shown as costing \$11 million, and the Arctic patrol vessel, having a tonnage of 5,425, costs \$12½ million, a difference of \$1,750,000. There is no doubt about the difference in the type of work that these vessels are going to do, but one which is over twice the size of the other costs almost the same. I cannot reconcile it in my own mind. I have no doubts it is all right. I know something about the action on vessels in ice, and I would imagine the Arctic patrol vessel would be just as strongly built, if not more strongly built than the escort vessel. Either the Arctic patrol vessel at \$12,750,000 is very cheap or the other is too expensive. That is the explanation I would like to have. If you can clear up the doubt in my mind I will be satisfied, but if security comes in to play here, as far as I am concerned the question is finished.

Mr. DRURY: Mr. Chairman, we would like to give all the information we can and not use security as an excuse. I am no expert in these matters and perhaps should not be talking, but it is very hard to compare the costs of a fighting vessel, which is an extraordinarily complex piece of floating fighting equipment, with the Arctic patrol vessel which is much closer to normal commercial construction. It is not anticipated that the Arctic patrol vessel is likely to encounter the type of attack, either by torpedo or bombing or shell fire, that these escort vessels must be ready to withstand, and the more elaborate construction, the very much more elaborate construction required to make these vessels as proof as we can against sinking by attack is one of the factors that raises the cost on a naval vessel, in respect of its hull, away above the cost of a similar one designed for peacetime vessels.

Mr. STICK: The Arctic patrol vessel is not designed to protect itself in fighting?

Mr. DRURY: It is equipped with defensive armament, but it does not have all the insurance which the escort vessels have against torpedoing, bombing attack and shell fire.

Mr. STICK: And in your opinion, Mr. Drury, that would account for the difference in costs, as far as you know?

Mr. DRURY: I do not know that it would—no, to be quite frank, what I am merely saying is that it is very difficult to compare these two vessels built to different requirements. Not being a shipbuilder or knowing anything about shipbuilding, I would be quite ready to believe it if I were told that the cost of strengthening against ice damage is greater than the cost of strengthening against attacks by gun fire, torpedo or bombing.

Mr. STICK: That is what I thought myself, but that only makes it worse as far as the cost is concerned.

Mr. DRURY: I think to get to the bottom of this one would have to have a detailed analysis of both of the ships.

Mr. STICK: I am not expecting that. That is all right.

Mr. JONES: Could the witness enlarge a little on the method of placing contracts, particularly with regard to the time allowed between issuing of the specifications and the opening of the bids? Why I ask that is this, that west coast builders of small boats and landing craft complain that the time is too short and they cannot bid.

Mr. BEAUPRÉ: I think we would like to define the type of thing that is being purchased by the department, whether it is an escort vessel or a small boat.

Mr. JONES: Those are small boats I have in mind.

The CHAIRMAN: Small boats. Any particular name for them, Mr. Jones? Are they listed here under any particular name?

Mr. BEAUPRÉ: I do not think so.

The CHAIRMAN: See if you can find one item we can hang it on.

Mr. BEAUPRÉ: Mr. Chairman, I think probably that our purchases of these small boats prior to the compilation of this document were so small that they would not have rated inclusion in this. There have been more purchases recently. I think we can talk to this subject even though the item is not in the book.

The CHAIRMAN: Yes, by all means.

Mr. JONES: What I have in mind is that the west coast small boat builders are not getting a look in at all on these smaller orders because of the time being too short between calling for bids and opening tenders.

Mr. BEAUPRÉ: I think, Mr. Chairman, that I am rather—Mr. Cunningham may have considerable to say in connection with this, but I am rather surprised at this statement, surprised for the reason that we have tried to make special arrangements to assist the builders on the west coast.

Mr. JONES: That is recently?

Mr. BEAUPRÉ: I am not sure that I can say recently. Since last year we have made special arrangements with the Canadian Manufacturers Association in Vancouver to use their office as a special clearing point for all plans and specifications, and it will be understood that it is sometimes difficult to get sufficient plans and specifications for everyone who thinks they might like to look at them. It is bad enough to get enough for all people who are genuinely interested in building, but there are a lot more who would like to look at the plans and specifications. We have arranged with the Canadian Manufacturers Association to provide a service. One shipbuilding division keeps a fulltime representative of the division in our Vancouver office, and a representative of the Canadian Manufacturers Association who has given us such service in this particular field, Mr. Dalton, was in town only a few weeks ago, and he had one or two problems, but before he left he said that we were doing everything possible and the complaint has been straightened out.

Mr. JONES: This complaint I have in mind was last year, so probably it has been straightened out.

The CHAIRMAN: Mr. Jones, Mr. Applewhaite and Mr. MacLean—I have just taken a quick look at items on page 3 to page 8 and items up to 62, I am rather pleasantly surprised at what appears to be a very equal division of work between the shipbuilding facilities of our country. I do not see any contracts here for Toronto and no one has even mentioned it.

Mr. APPLEWHAITE: Mr. Chairman, you are referring to a distribution east and west, and not north and south.

The CHAIRMAN: I consider you, Mr. Applewhaite, a part of that British Columbia coast.

Mr. BENIDICKSON: Apparently there is competition on some of these small craft, and purchases are not simply placed according to some pattern of distribution. I remember a parliamentary return this session in connection with aircraft contracts, and I was quite pleased to find that it was not all on a cost-plus basis. As I recall the basic contract, there were target figures with a fixed fee and some extra reward if the actual cost was less than the target. Could ships not be constructed on a pattern something like that?

Mr. BEAUPRÉ: Again, Mr. Cunningham may wish to supplement this or correct me, but I think when Mr. Mackenzie was speaking on this general question of contracts and the various types of contracts, he stated that the thing we liked the least was a cost-plus contract. However, when you do not have enough information to establish a target, then it just is not possible to enter

into that type of contract, and one of the differences—I say this relevant to Mr. Stick's question—one of the differences between this escort and the patrol vessel is that this is a brand new ship that has never been constructed anywhere before and we do not have anything to go on in the way of establishing a target.

Mr. BENIDICKSON: It is conceivable each of these firms might be producing these ships again? On that basis, if you have some experience you might be able to set a target and pay a fixed fee instead of cost-plus?

Mr. BEAUPRÉ: That is certainly in keeping with the departmental policy that when we have experience to go on we certainly employ a target price arrangement.

Mr. MACDONNELL: I would like to ask a question. Incidentally, I was very interested in Mr. Stick's question and I think it would be worthwhile to get a little further information there. My question is that we have here 14 escort vessels at \$11 million each—being \$154 million. I presume you will be able to add a good bit for armament and electrical equipment, so it is a lot of money. I recognize what has been said about the function of the maritime commission and that they more or less nominate the people to receive the contracts, and then the Department of Defence Production enters into the contract. However, this question arises. Here we have a lot of companies and I do not know enough about their operations to know whether they are skilled or whether they have done work of this type before. For example, what if one turns out to cost twice as much as another? Have you any check of any kind on that or are you tied right to a cost plus 5 per cent contract—even though you learn afterwards that one yard is vastly less efficient than another?

Mr. BEAUPRÉ: I think one of the considerations that the maritime commission takes into account is the ability of the yard to produce. Actually, I do not like to speak for another organization but I think in their opinion those companies are by and large equally able to do a good production job on those ships.

Mr. MACDONNELL: I suppose we cannot discuss the maritime commission when they are not here but I do not know who they are. I do not know whether they are businessmen or whether they are competent to arrive at these decisions and, as I have said, although we cannot discuss that it seems to me that we should have somebody come to this committee and say that they were satisfied on those points.

Then, there remains my other question of whether the cost plus is an absolute thing? Supposing you find there is a great difference in efficiency, have you no remedy?

Mr. BEAUPRÉ: I think the answer is that although these yards are building this particular craft or type of craft for the first time, the maritime commission is not without considerable experience with regard to the performance of those various yards. We are not putting contracts into those yards for the first time; we are putting contracts for this particular type of ship into those yards for the first time. Consequently, the maritime commission has quite a considerable amount of experience, as do the technical people of our department, with these various yards. I think I am safe in saying they have all had last war records.

Mr. CAMPNEY: And very considerable success.

Mr. MACDONNELL: I think the answer just given is a very fair answer but it leads me to ask this: Due to differences of location, distances from materials, and so on, will there not be very substantial actual differences in cost for freight and such items?



Mr. BEAUPRÉ: I think the answer to that is that there very well may be differences. Some of those differences may balance out. There may be advantages enjoyed by shipyards on the west coast but which are not enjoyed by shipyards on the east coast, and vice versa. In the final analysis there will be differences in cost but I suggest there are two or three things we have to consider. One is that the Department of National Defence has an urgent requirement. Therefore even if one shipyard was the most efficient we could not afford to wait until that one yard could produce the whole 14 ships. There is also the expressed desire for decentralization of production in order to avoid losses by attack or in order to avoid too much upset of the economy, or by bringing together too many shipyard people where a contract may only last a year or two. Those people would then have to be dispersed. There are those considerations which may offset differences in cost.

Mr. LARSON: It is generally a matter of availability.

Mr. BEAUPRÉ: In this particular instance.

Mr. ADAMSON: Might I ask the witness who lets the sub-contracts? It is obvious that a great deal of the cost incurred by shipbuilding firms is due to sub-contracts. Do the shipbuilding firms themselves let the sub-contracts or does the maritime commission do that? Or is the Department of Defence Production?

Mr. BEAUPRÉ: First of all the maritime commission does not have anything to do with the contractual arrangement. By and large we make the general statement that sub-contracts are the responsibility of the prime contractor. I probably should make the comment that there are certain components which are common to all ships and it is in the interests of the government for the department to enter directly into a contract with one supplier to produce the components which are then made available to each yard. If you wish to call that a sub-contract, but we do not call it that. We call it a prime contract with the department and a manufacturer of a component which we make available to all shipyards for inclusion in the ships.

Mr. MACDONNELL: Would that all be in the total price?

Mr. ADAMSON: I gather they all have the same type of engine—a new and very efficient type of turbine which is being made in Canada for the first time. Does one supplier make the engines for all of these ships?

Mr. BEAUPRÉ: That is a contract between our department and the John Inglis Company.

Mr. ADAMSON: Is that in addition to the \$11 million?

Mr. BEAUPRÉ: No, it is not; it is included in this estimate of \$11 million. The only thing excluded is, as we have a note, the armament and electronic equipment.

Mr. BENEDICKSON: For the interest of the chairman that Inglis plant is in Toronto, is it not?

The CHAIRMAN: There is a smile on Mr. Hunter's face too.

Mr. STICK: I did not know before that Toronto was a seaport.

Mr. MACLEAN: For my information, are these vessels constructed partly of aluminum?

The WITNESS: The superstructure is aluminum; the hull is steel.

Mr. HARKNESS: Mr. Chairman, I wonder if I might ask the method of payment for these vessels. I notice the expenditures to January 31, 1952, vary from over \$2 million to nil?

The WITNESS: The items that have nil noted are still under development. The drawings are still being made, and they are not yet in production. I am talking there of the Norton class tug.

Mr. HARKNESS: The vessels I am talking about are all the same—the escort vessels.

The WITNESS: In the case of the escort vessels, the first seven are in work. The contract for the second seven vessels was let subsequently and the steel is now going into the yard for those vessels. It will be going in in the next two or three months. They will have all the steel for the second seven, and that is why they have not started.

Mr. HARKNESS: To come back to my question about the method of payment, do I understand that when they secure the steel they are paid a certain amount; and when they have done a certain amount of construction on the hull they are paid so much more?

The WITNESS: On all of the escort vessels it is a progress payment basis—payment for the actual expenditures during the month. They are paid month by month.

Mr. STICK: May I ask a further question on these escort vessels? You let the contracts to Canadian firms but you did not call for contracts from outside firms such as those in northern Ireland or in the United Kingdom, for instance?

Mr. BEAUPRÉ: As I say, Mr. Chairman, we entered into contracts with those firms nominated by the maritime commission.

Mr. STICK: You do not know the answer to my question.

The CHAIRMAN: Just to help you along, gentlemen, at 4 o'clock we will have the chairman or one of the members of the maritime commission here to assist the committee.

Mr. ADAMSON: Just let me ask one more question. I gather that for the engines and for any other part of the ship, the contract is between the Department of Defence Production and the suppliers of the engines?

Mr. BEAUPRÉ: You said engines and any other part—

Mr. ADAMSON: I am particularly interested in the engine because I gather that it is a new type of engine being produced for the first time.

Mr. BEAUPRÉ: There are a number of other what you might call pool orders that we have entered into with the suppliers directly. When the component, whether it be a propulsion unit or other component, is completed it is made available to the shipyard. I think your question is whether the contract is entered into between ourselves and the supplier of the 14 sets of components?

Mr. ADAMSON: Yes, between Defence Production and the suppliers?

Mr. BEAUPRÉ: That is right.

Mr. ADAMSON: What percentage of the total cost of \$11 million will that come to, or have you the figure?

Mr. BEAUPRÉ: I am sorry, I would not like to try and estimate that. We do not have enough figures here to look that up.

The CHAIRMAN: Are there any other questions which you land mariners wish to ask?

*By Mr. Harkness:*

Q. In connection with the minesweepers, I notice that all 14 are \$2 million? Are the contracts on the same basis as the escort vessels—that is this is an estimated figure on a cost plus basis?—A. Yes.

Q. Exactly the same thing?—A. Yes.

Q. Does this \$2 million figure include the entire total cost or the estimated total cost, or is that also exclusive of electronic and armament equipment?—A. Yes, it is exclusive of electronics and armament.

Q. And for those minesweepers have you any estimate of what the cost of armament and electronic equipment will be?—A. No, sir.

Mr. BEAUPRÉ: When Mr. Cunningham says no, the shipbuilding division does not have that information, but we have it in the department although we have not got it here. I would not like to leave the impression that it is not available.

Mr. HARKNESS: The same thing would apply to the escort vessels. The department has some figures as to what these are going to cost?

Mr. BEAUPRÉ: As I said, our electronic people would probably be able to make an estimate of the electronic content. Our guns people would be able to make an estimate of the guns—just as our shipping people have made an estimate of the cost of the ship itself. I would have to have the three of them together to get that total figure.

The CHAIRMAN: What is a gate vessel?

The WITNESS: A gate vessel is used to open and close the boom which is thrown across the entrance to a harbour in wartime.

The CHAIRMAN: What is a loop layer?

The WITNESS: A loop layer is a vessel that lays mines. It is the pattern of the mine laying that gives it the name loop layer.

Mr. APPLEWHAITE: Are these gate vessels replacing those that we had during the recent war or are they additional?

Mr. DRURY: They are replacements. The gate vessel actually is designed as a dual purpose vessel which will do both gate duty—opening, closing, and guarding the gates and, if not needed for that use, it can be used for mine-sweeping operations.

The CHAIRMAN: Have you finished with ships?

Mr. HARKNESS: There are very considerable sums here for the conversion and refitting of different vessels—frigates, destroyers, minesweepers, and so forth. I wonder if we might have some explanation in connection with that conversion program?

Mr. DRURY: Well, generally the conversion program is designed to bring these ships which were of last war design and construction up to meet current naval specifications for all escort vessels of this class. Since their design during the last war a number of items, principally the armament and electronic gear, have been substantially improved. This conversion program is designed in the case of vessels which have been held in almost dead storage, to make them fit again for sea, and to modernize their armament, electronic equipment, and navigation gear.

Mr. HARKNESS: The bulk of this would be for armament and electronic equipment, would it not?

Mr. DRURY: Yes, and navigation gear too.

Mr. BEAUPRÉ: No. 58 you will note is considerably less than any of the others of this series; that is for the normal annual refit as compared with this over-all modernization of which Mr. Drury was speaking. That was a diesel ship as compared with the others which were steam; this is a different type of refit altogether.

Mr. BENIDICKSON: We have been dealing with ships; I wonder if you could tell us where the construction program is for small wooden vessels, such as life boats, and crash boats?

Mr. BEAUPRÉ: I tried to answer this question before by saying that this compilation was made early in the year—you will recognize this compilation



as being a compilation of major orders placed—and at the time of this compilation, there were no single orders of any size at all; therefore I think the answer is that we are buying them, but they are not shown here.

Mr. MACLEAN: In connection with item 63, 64, and 66, I note that the contracts have been placed in the United States. Why were they placed there? Was this material not available here, or what is the explanation for it?

The CHAIRMAN: Yes, why were they placed in the United States?

The WITNESS: They were located in the far north, and they belonged to the United States government, and I believe that the Air Force required equipment in that area, and the particular equipment was just what they needed; therefore, for that reason it was purchased.

*By Mr. MacLean:*

Q. And does that apply to item 66?—A. Item 66 was a coastal type of mine-sweeping vessel purchased in the United States, because certain of its equipment was the same as the equipment which is going into the present minesweepers, and they wanted to have a set early in order to do some considerable training work on it.

Mr. HARKNESS: It seems a very cheap vessel.

Mr. STICK: Yes, it is mighty cheap. I do not know what the size of the vessel is, but if it has any size at all, it is mighty cheap. You could not build a wooden vessel for \$67,000.

Mr. HARKNESS: It bears no relationship at all to the minesweepers that were built.

The CHAIRMAN: The department claims that they can buy everything cheaper than anybody else can and do.

Mr. HARKNESS: That has not got anything to do with the relevant price. Here is this very small vessel; how are you able to get this vessel for such a small sum?

Mr. DRURY: An important point is that it was a second hand vessel. Its displacement is 286 tons.

The WITNESS: It is a "last war" vessel.

The CHAIRMAN: Mr. Applewhaite, I think, has a question on the Maritime Commission, and then Mr. Beaupre has some information to give to questions asked about ammunition. I shall now call on Mr. Beaupre.

Mr. BEAUPRÉ: Mr. Chairman, when we discussed ammunition there was a question asked regarding the comparison of various items. 226 and 229 were the first. We had a similar series for guns, and one of the reasons that the Canadian prices appear higher than the United States prices was that many of those items were produced in the United States and came from their production for the last war, when they were producing in large quantities, and in many instances they were giving us better prices than cost of production. They were, under their surplus disposal rules and regulations, giving us exceptionally good prices.

Therefore, in order to try to make that comparison better, it was suggested that I attempt to get the current United States production prices; immediately after the meeting I sent a wire to the Economic and International Security people in the United States Department of Defence, and they told me that first of all I would have to give them an amount, if I wanted the price. Therefore I gave them an amount comparable to the amount shown here in the Canadian purchase, and then they asked me if I wanted to buy these items. So I had to admit that I did not; and then they said: "So you want us to do all this costing work for nothing?" And I said, "Yes as a courtesy".

And actually, while they have not denied giving it to me, yet, on the other hand, I have not received the United States production prices, because they said they would have to go out to their various arsenals and ask a mass of people to do costing work; so it is not yet forthcoming.

With respect to items 226 and 229, the cartridges were purchased from the United Kingdom, from Admiralty stock left over from production in the Second World War. As a result, they are significantly cheaper than the cartridges to be bought from Canadian Arsenals from new production. Obviously, they are cheaper than we can get them out of new production, no matter where we get them.

With respect to items 265, 266, and 267, items 265 and 266 are anti-aircraft ammunition. The first has a combination mechanical time fuze and super quick fuze; and the second has a mechanical time fuze. Item 266 is for 118,554 units, but the second item is not fuzed at all. The fact that approximately half of the shells on item 266 are not fuzed results in a relatively low average cost for this item.

Item 267 covers two types of tank ammunition. They have percussion detonating fuzes, and are relatively cheap; but the smoke shells are expensive because of the small production run and the special facilities required for filling white phosphorus.

The next items are 292, 293, 294, and 297. I do not know how much detail you would like me to give with respect to this. I can give you all the serial numbers for each type, and I can explain what the differences are.

The CHAIRMAN: We are not interested in the serial numbers.

Mr. BEAUPRÉ: A quick answer is that they are different.

The CHAIRMAN: We want to know how.

Mr. BEAUPRÉ: They are differently fuzed. If there are any particular questions, I can refer to these notes, but it would take me a long time to read through all these details.

The CHAIRMAN: Can you not give us just a general answer?

Mr. BEAUPRÉ: With respect to items 298, 299, and 301, the unit costs of these 3" 50 cartridges in items 298 and 299 are \$93 and \$47. The main reason for the difference is that the cartridges in item 299 are plugged, that is, they are not fitted with a VT fuze which costs approximately \$50.

The order was placed with the United States government (item 300). There again, it was a question of buying them from the United States arsenal. They were produced a few years ago and they were made available to us under the Mutual Defence Assistance Act. Current ammunition prices in the United States are much similar to, or much closer to ours than this comparison would indicate.

With respect to items 323 and 325, the value of the contract for 70,000 rockets with Canadian Arsenals was estimated before there was any manufacturing experience in Canada. But now that production is under way it appears that the original estimate was high and that the cost of manufacturing in Canada will probably be less than the cost of the rockets bought from Aerojet Engineering Corporation.

With respect to items 352 and 353, the main difference here is that it was considered desirable to have some knowledge of this production in Canada. This is, in effect, an educational order and in consequence it is being compared with high volume production, and therefore the costs are admittedly higher in Canadian Arsenals as compared with the United States government.

With respect to items 376 and 377, that is the beginning of this long list of fuzes, and we had to leave out the exact description of the fuzes for security reasons. But I can say that they are designed for different calibers of ammunition, and while their general function is the same, there are differences in the



components and methods of manufacture which are sufficient to account for the variation in unit cost. There are two distinct types of fuzes. Item 376 is a United States type, while item 377 is a United Kingdom type.

With respect to items 394 and 395, these were the last two comparisons we were asked to make. These two propelling charges are quite different in design and in the type of powder used. Moreover, the charge in item 394 weighs approximately 5 pounds, while the charge in item 395 weighs approximately 13 pounds. The difference in weight alone would lead to a significant difference in the unit price.

The CHAIRMAN: There was a question asked my Mr. Macdonnell concerning "pots, tea and coffee", and how many were used at Camp Borden and the camp at Petawawa. Perhaps Mr. Drury will answer that question.

Mr. DRURY: I can answer it, Mr. Chairman. The number in use this summer at Petawawa will be 2,574; this is when the camp is at its peak strength, including all the reserves which go in for summer training, and the other active force units, in addition to the normal population. Then at Camp Borden, in similar circumstances, the number in use will be 1,962. Those are two camps.

The CHAIRMAN: How many like camps are there in Canada?

Mr. DRURY: Of the larger camps, similar to those at Petawawa and Borden. There is Valcartier, Borden, Petawawa, Shilo, and Wainwright. Then, there is Barriefield, which is another very substantial encampment; and there are a considerable number of smaller encampments such as Aldershot, St. Johns, Quebec, Picton, Chilliwack, and Sarcee, and so on.

The CHAIRMAN: We shall adjourn now to meet again at 4.00 o'clock this afternoon.

The committee adjourned.

#### AFTERNOON MEETING

The CHAIRMAN: Gentlemen, we have a quorum. We have with us again this afternoon Mr. Beaupre, who is going to give answers in some detail regarding the armament and electronic equipment on escort vessels, gate vessels, minesweepers and ice-breakers.

Mr. T. N. BEAUPRÉ (Assistant Deputy Minister, Department of National Defence): I have here information on escort vessels, minesweepers, gate vessels and ice-breakers. Mr. Chairman, I emphasize as usual that these are estimates because we are still in the process of production. The price of the escort vessel, as shown in the compilation we examined this morning, was \$11 million. The armament, including the controls for the armament, we estimate at \$3,827,000, and the electronics and communications, the radio and radar, \$1,203,350, and naval stores, which are supplied to the ship, \$355,000, which gives us an over-all value of \$16,385,350 for one escort vessel.

The minesweeper—the vessel that is shown in the book at \$2 million: armament, including controls, \$76,000; electronics, radio and radar, \$182,470; minesweeping equipment, electrical, \$98,000; and naval stores, \$130,000, for an over-all total of \$2,486,470.

The gate vessel, which is shown at \$1,200,000, to which has to be added armament, \$38,000; electronics and communications, \$43,370; naval stores, \$65,000, coming to a total estimate of \$1,346,370.

The ice-breaker is shown at \$12,750,000. Armament, \$950,000; electronics and communications, \$1,040,000; naval stores, \$575,000, for an over-all total of \$15,315,000.

I may just say that naval stores include such items as boats, damage control equipment, galley equipment, furniture, anchors, anchor cable, onboard spares,



etc., that are provided for ships. We have included this in the price, and give you the best estimate of the over-all price of these various vessels.

The CHAIRMAN: Thank you, Mr. Beaupre. Gentlemen, we have with us this afternoon Mr. Angus McGuggan, a member of the maritime commission, who is available now as a witness. I think Mr. Applewhaite had some questions to ask him.

**Mr. Angus McGuggan, Commissioner, Canadian Maritime Commission, called:**

*By Mr. Applewhaite:*

Q. Mr. Chairman, I wanted to ask the witness whether consideration was given to recommending for building any of these vessels in the government-owned shipyards?—A. There is only one government-owned shipyard, the Prince Rupert dry dock, and the Prince Rupert dry dock on its post-war record has been classified as a ship repair yard only.

Q. Who classified it?—A. The maritime commission.

Q. It did build vessels during the war?—A. Yes, cargo ships.

Q. Was any consideration given to the advisability of getting it into the shipbuilding field?—A. Yes, sir.

Q. Would you tell the committee the reasons why it was decided not to do so?—A. Due to its post-war record. The technical personnel had dwindled until there was practically no one there having the capabilities of undertaking a job of a naval program type, that is, the minesweeper or escort vessel type. Moreover, it was decided that if at all possible we should keep the naval vessels as close to the Esquimalt dry dock as possible due to the electronic equipment and guns.

Q. Was any consideration given to the strategic value there might be of having your shipbuilding program on the Pacific coast diversified, part of it to the north and part of it to the south?—A. The only consideration given to Prince Rupert dry dock was its value, its strategic location and value in time of war. As far as the commission was concerned, we could see no value as far as the international situation at the present time was concerned. We wrote to the Department of National Defence and asked them if they would write us a letter stating whether they wished the Prince Rupert dry dock to be maintained for strategic reasons, and the letter came saying that it had a strategic value in time of war and it has been maintained for the past two years, the Department of Public Works paying the loss. I understand that a further contract for another two years is now being signed.

Q. Is there any other shipyard of that size in Canada not included in this list?—A. I would say the lists referred to are the lists of yards building escort vessels and minesweepers. The size does not mean very much when it comes to facilities and technical personnel. I would say that for ground area, there are similar yards which have been allocated a job.

Q. What I am trying to get at, Mr. McGuggan, is roughly that there is 500 miles distance between Prince Rupert and the other ports in which you are operating in British Columbia. Did you give serious consideration to the advisability of having at this stage of international affairs a full operating unit capable of shipbuilding as well as repairing at Prince Rupert?—A. It was the considered opinion of the commission that we should consider Prince Rupert dry dock as a repair yard only.

Q. That was your recommendation?—A. Yes.

Q. To whom was that recommendation made?—A. The recommendation originally was made to cabinet.

Q. And that recommendation was made with the full knowledge of the building history of that dry dock during the last war?—A. Yes, I was director of production during the last war.

Q. And you know what that yard can do?—A. Yes.

Mr. APPLEWHAITE: I think, Mr. Chairman, if I have anything further to say on this that I can bring it up on Tuesday when we are considering recommendations. I may bring it up then.

The CHAIRMAN: Yes, to be sure.

Mr. Jones, was there anything further you wished to ask?

*By Mr. Jones:*

Q. The only question is the time allowed for builders on the west coast to receive a specification and put in a bid, the short time that they have before the bids are opened. Why is there such a short period?—A. As far as the maritime commission is concerned, we only make allocations with respect to naval vessels where no drawings and specifications are available, that is to say that the escort vessel program as such and the minesweeper program got under way before the drawings were completed—in fact, they are not completed yet. Under those circumstances you could not call for tenders, so they had to be allocated to where there are harbour craft or ships of that nature, built where drawings and specifications are available. We have nothing to do with it. We recommend to the Department of Defence Production that they call for tenders.

Q. That is the point.

The CHAIRMAN: Mr. Jones, did Mr. Beaupre not answer your question?

Mr. JONES: He did not quite answer it. What is the period allowed between the calling of tenders and the opening of bids?

The WITNESS: That is up to Defence Production. We have nothing to do with that at all.

*By Mr. Stick:*

Q. I would like to ask the witness how are these contracts placed? What procedure is followed in placing these contracts? Is any consideration given to getting outside firms to do the work? I understand you placed orders for vessels. Did you take into consideration that any of these vessels could be built in the United Kingdom, and what price you could get them for over there?—A. As I mentioned before, this is a new type of ship that has not been built in the United Kingdom. There were no drawings and specifications; this is a new type of ship and drawings and specifications are not available, so we would not be in a position to call for tenders. The idea behind the order, of course, was that it was an educational order so that the Canadian shipyards would be in a position to go into full-swing production should an emergency arise.

Q. You did not go outside the country?—A. No, sir.

*By Mr. Adamson:*

Q. Mr. Chairman, I wonder if I could ask what might seem to the committee to be a very elementary question, but on which I am not clear. I have not been quite able to find the functions of the maritime commission in the whole picture of shipbuilding, and if the witness would not mind giving me a little basic information on the matter, I would like to know exactly what they do—if the committee would not mind—because I feel that other members of the committee do not know either.

The CHAIRMAN: You have no right to feel that, Mr. Adamson, but you have a right to ask the question!

The WITNESS: In November, 1948, the shipbuilding industry was in the doldrums. The industry was coming close to a point where there would be only about 7,000 men employed in that industry. It was suggested through the Minister of Transport that all departments of government advise the maritime commission of their present and future needs as far as shipbuilding and repairing was concerned, so that we could take those potential orders and make recommendations as to what might be done to preserve the nucleus of a shipbuilding industry of around 7,000 men. The first order that came out was an educational order for 3 escort vessels, which we placed in three—what we considered major yards. It was at that time that we set down the number of yards, the yards which we considered should be maintained because they had good technical facilities and adequate technical personnel, shipbuilding facilities and technical personnel. There were secondary yards which we considered should be maintained but which could be readily expanded in time of war, and the third group was the ship repair yards, which were not being considered at that time for shipbuilding orders. When the naval program was increased, we were instructed to continue making the recommendations, I think primarily for the reason that the maritime commission is charged with keeping records and statistics and doing everything possible to maintain shipbuilding and the shipping industry in Canada in an efficient condition. Does that answer you?

*By Mr. Adamson:*

Q. I see the set-up now. In this defence production, what is your function? Who goes to you, what do you advise, and where do you fit in in the picture?—

A. The Department of National Defence raises a contract demand for a vessel or for ship repairs. The letter accompanying the contract demand is sent over to the Department of Defence Production, with a copy to the maritime commission. The Department of Defence Production asks the maritime commission for its recommendation. That recommendation comes from the maritime commission to the Department of Defence Production and they either can act on the recommendation or they do not have to.

Q. Then do they call for tenders?—A. Yes, sir. We have nothing to do with tenders. It is only a recommendation we make as to where the order should be placed.

Q. And you are limited, then, to stating the facilities and your recommendation is to simply state where the ship can be constructed?—A. Where we think it should be constructed.

Q. You have nothing to do with specifications, and so forth?—A. No, sir.

Q. And nothing to do with the contract?—A. The navy are the technical people, the Department of Defence Production are the production people, and we are the people charged with maintaining the facilities, to maintain the shipbuilding industry.

*By Mr. Macdonnell:*

Q. May I follow up one question which was asked, I think, by Mr. Stick. I was not clear as to the answer of the witness regarding the question whether they considered the possibility of getting ships built in British yards. I think he said it was a new type and they had no specifications. Is that correct?—A. Yes, it is a new type.

Q. Would that prohibit you from getting it in a British yard? It would not be any newer to the British than to the Canadian yards?—A. It would not prohibit us, no.

Q. Are you limited in your recommendations to Canadian yards?—A. Yes, sir. I would imagine that it would be government policy as to whether they would build in Canada or build in Britain, but we are limited to Canadian yards.



Q. Then if I wanted to pursue a further question as to whether the possibility of using this as a means of ordering some goods in Britain, I should perhaps ask Mr. Beaupré or Mr. Drury—

The CHAIRMAN: You should ask the minister.

Mr. MACDONNELL: Mr. Chairman, is your ruling that I cannot pursue that?

The CHAIRMAN: Mr. Macdonnell—it is not a matter of a ruling. I leave it to your judgment. He says we are limited to Canadian yards. Now, is that not your answer?

Mr. MACDONNELL: I do not know whether Mr. Beaupre could carry it further?

The CHAIRMAN: Mr. Beaupre does not hold a policy position in the department, and this is a matter of policy.

Mr. MACDONNELL: I agree with you fully. Would it be proper just to ask a factual question whether in fact that was considered?

The CHAIRMAN: I do not think so.

*By Mr. Adamson:*

Q. These ships are known by the code term Y-100?—A. Yes, sir.

Q. Is that a Canadian design?—A. No, sir. It is the engine that is known as Y-100.

Q. The ship, then, is an escort vessel?—A. Yes.

Q. And is the ship of Canadian design?—A. The hull is Canadian design. The propelling machinery is British design. The Y-100 is a team which was set up by the British Admiralty to find the best possible modern propulsion for a given horsepower, and we are fortunate in getting it before even Britain.

*By Mr. Stick:*

Q. Is that manufactured in Canada, the propulsion machinery?—A. It is now.

Q. You are manufacturing it now?—A. Yes.

The CHAIRMAN: Thank you, Mr. McGugan.

On pages 156, 157, 158, 159, 160 and 161 of our proceedings of April 8, 1952, tables are set out with respect to barracks and messes. We have had no evidence at all on married quarters, schools and related matters. Mr. Mansur, President of Central Mortgage and Housing Corporation, is available here now, he has a statement which we will now pass around to members of the committee. The statement will go on the record. We will try and conclude in order to give Mr. Drury 15 minutes which he requires to complete a few matters. Now, as soon as that statement is passed around we will hear from Mr. Mansur.

**Mr. D. B. Mansur, President, Central Mortgage and Housing Corporation, called:**

The CHAIRMAN: There will be an opportunity to ask questions when he has completed his presentation.

The WITNESS: Your chairman has asked that I make a statement about construction for the Department of National Defence. He asked that I outline the functions of Central Mortgage and Housing Corporation in respect to defence construction. I was also asked to deal with the size of the defence construction program, and your chairman particularly asked that I make some remarks upon the quality of construction as well as whether we are getting full value for our construction dollar.

The first four pages of the statement before you is an outline of the manner in which defence construction of all kinds is operated. It has been suggested

that this is in rather more detail than the committee wishes. Perhaps it is sufficient to say that for the married quarters program, including schools, Central Mortgage handles the job including design and layout from the time of the contract request from the Department of National Defence to the time that the buildings are delivered to the Department of National Defence. For other military construction Central Mortgage acts for Defence Construction Limited in securing bids and makes a recommendation. After the award has been approved by the Governor in Council Central Mortgage is solely responsible until the turn-over of the completed buildings to the Department of National Defence.

Our participation in defence construction falls into two distinct parts—married quarters and other military construction. I will deal with the married quarters first, because although it is the smaller of the two, it is the one in which we participated at the earliest date and it is the one in which our responsibility is the greater.

### MARRIED QUARTERS AND SCHOOLS

The married quarters program includes not only residential accommodation but also roads and land services and the construction of new schools where required. Up to the end of 1948 married quarters and schools were constructed under the sole supervision of the Department of National Defence. Late in 1948 the government decided that Central Mortgage, with its decentralized construction organization already operating in the housing field, might well act as an agent for the Department of National Defence. On December 23, 1948, supervision of the program determined by the Department of National Defence was transferred to the corporation. Under the arrangement we prepare plans and specifications for the various types of house required. At the time we assumed these duties conversations took place with the Department of National Defence as to the quality of houses to be built. In general these houses are in accordance with National Housing Act standards. There are some items included which are of higher quality than that required in a minimum National Housing Act house. These were examined in detail and agreed upon with the Department of National Defence. From the taxpayers' point of view, I believe that automatic oil burning furnaces, copper piping, glass-lined domestic hot water tanks are a good investment.

I will now describe the manner of our operation with the Department of National Defence. We are advised of a year's program. We investigate the proposed sites and work with the Department of National Defence on services such as water, sewer and schools. When these details are settled we proceed with the development of a site plan and the location of house types. The site plan is submitted to the Department of National Defence for approval. When approved, we prepare an estimate of the total cost of the project for submission to the Treasury Board. Concurrently one of our regional offices goes to tender. A tender opening committee in our regional office submits the bids to Ottawa. If the low bid is from a satisfactory contractor and within the estimate approved by Treasury Board, a submission is made by the Minister of Resources and Development to the Governor in Council that the contract be awarded to the low tenderer. On receipt of the order in council we notify and enter into a contract with the successful tenderer and return security deposits to the other tenderers.

The job is supervised by our inspection staff, experienced in house construction. A group of projects is under the supervision of an area inspector who in turn reports to the regional construction engineer in each one of our five regions.

Progress claims are submitted monthly to our on-site inspector, who reviews the claim and certifies that the materials and work claimed for have



been delivered. The claim is then approved by our regional engineer and processed in Ottawa by our chief accountant, who then forwards the claim to treasury officer, with a recommendation for payment. In this whole operation we are responsible to the Minister of Resources and Development.

Under the Defence Production Act the Minister of Defence Production is responsible for arranging the procurement of construction required by the Department of National Defence. In respect to housing, supplementary services and schools, this responsibility was transferred to the Minister of Resources and Development. The Minister of Defence Production retains the responsibility for all other military construction.

### OTHER MILITARY CONSTRUCTION

Up to November 22, 1950, the Canadian Commercial Corporation arranged and administered construction contracts other than married quarters and schools. At that time the government decided that the defence construction program was of a kind and size that required a large decentralized construction organization, which in part already existed within Central Mortgage. The government decided that rather than duplicate this organization within Canadian Commercial Corporation or elsewhere, the facilities of Central Mortgage should be made available. With this in mind, Defence Construction Limited was established to arrange and administer all construction contracts other than married quarters and schools.

An agreement was negotiated between Defence Construction Limited and Central Mortgage whereby our facilities were made available to Defence Construction Limited on an agency basis. Defence Construction Limited is the agency dealing directly with the Department of National Defence for this part of the defence construction program. Central Mortgage, acting for Defence Construction Limited, call tenders in the name of D.C.L. for projects upon plans and specifications furnished by the Department of National Defence. In our regions the receipt of tenders and their final award are as I described for the married quarters program. As soon as a request for a job is received from the Department of National Defence our estimating staff prepares a detailed estimate of the cost of the project. This estimate is forwarded to Defence Construction Limited, who in turn refer it to the Department of National Defence. Unless we are advised to the contrary, it is assumed that a bid within this estimate is satisfactory to the Department of National Defence. Our recommendation takes the form of a submission to council for the use of Defence Construction Limited and its minister. As soon as the tender has the approval of the Governor in Council we draw a contract for and on behalf of Defence Construction Limited. It will be noted that up to this point the facilities of Central Mortgage have been used for a function which is essentially the responsibility of Defence Construction Limited. However, from the time the job is awarded, Central Mortgage and Housing Corporation assumes full responsibility for the administration and supervision of the contract in a manner parallel to that which we use in the married quarters program, save that the type of our inspection staff is comprised of those qualified by training and experience in this type of construction rather than in residential construction. Both married quarters and other military construction are subject to acceptance by the Department of National Defence as being satisfactorily completed.

During the course of construction each one of the services has travelling inspectors who visit the sites and have little hesitation in letting us know what they do not like. Quite often their representations have validity.

The employment of designing architects and engineers, other than for married quarters and schools, is a matter between Defence Construction Limited and the Department of National Defence. Our advice is neither sought nor



given. There is a good reason for this. Each one of the services has a competent engineering department, familiar with the needs of their military operations. These engineering departments are provided with architectural and engineering services by D.C.L. and the introduction of a third party such as ourselves would complicate the job. It is my opinion that the engineering branches of the services have done a competent and speedy job in putting together plans and specifications for a very large construction program.

Our first knowledge of plans and specifications is when we receive a request to go to tender. If, for reasons of difficulty in procurement or costs which do not seem necessary, we do not like the proposal we say so—in some cases even to a point of refusing to go to tender unless we are overruled by the minister or the Treasury Board. Sometimes we win, sometimes we lose—but always with recognition by the Department of National Defence and ourselves that the disagreement is an honest difference of opinion.

In the final analysis it is for the Department of National Defence—the owner—rather than ourselves—the procurement agency—to determine what shall be done. How it shall be done is our field.

### SIZE OF THE OPERATION

The married quarters program for the three years 1949 to 1951 comprises 10,658 dwelling units and 31 schools, as well as the necessary land development for these projects. Contracts have been awarded for all but 570 houses and seven schools contained in the 1951 program. We have not been requested to proceed with a 1952 program. The total amount of money committed by Central Mortgage for married quarters construction to date is \$110,886,000 of which payments in the amount of \$77,262,000 have been made to date. Contracts still to be awarded are estimated at \$16,158,000. We expect to spend about \$30 million in the current fiscal year for married quarters and schools.

Prior to November 22, 1950, contracts for military construction other than housing and schools of \$95.5 million were awarded by the Canadian Commercial Corporation. The supervision of these contracts was taken over by Central Mortgage at that date. Since then we have received, through Defence Construction Limited, requests from the Department of National Defence for construction contracts of an estimated value of \$253.5 million. We have awarded 496 contracts in the amount of \$213.5 million. Since November 1950 work has been put in place in amount of \$122.9 million to the end of April 1952. In addition to these contracts we are supervising eleven other projects in amount of \$22,444,000 in which the Canadian and United States armed services have an interest. Payments against these contracts to date total \$16,674,000. We expect to spend about \$165 million on military construction other than houses and schools during the current fiscal year and about \$200 million in all.

During 1951, an average of about 134,000 men were employed in groups of fifteen or more in the construction industry by contractors to whom we must turn to do our work. Our records show that there are approximately 16,000 men presently employed on site for defence construction contracts of all kinds, or about 12 per cent of what is generally known as the construction industry.

### MARRIED QUARTERS PROGRAM

*Quality.*—From time to time we hear criticism about the standard of construction in the married quarters program. This criticism takes two forms—either that the construction is too good or not good enough. I have already referred to the plans and specifications which I believe are suitable for the purpose for which the housing is to be used. I also think that on the average the standard of construction within the plans and specifications compares

favourably with other housing projects of similar class built in Canada during the same period. The houses are planned without frills to produce maximum liveable floor area for minimum dollar expenditure.

I have already mentioned some items contained in the specifications which are above the minimum required under the National Housing Act standards and under the National Building Code. Water supply at most of the camp sites is such that copper piping and glass-lined domestic hot water tanks, although in the original instance costing an extra \$60, will in the long run prove to be an important economy. The installation of automatic oil burners at an extra cost of \$300 as against gravity warm air solid fuel furnaces is well worthwhile. It will be recalled that the armed services pay for the heating of married quarters. This type of heating equipment gets over the problem of the disposal of ashes and fits the needs of naval establishments, army camps and air stations because on many occasions the husbands are away from home. I support the present plans and specifications as a reasonable minimum in light circumstances. Certainly the houses are not "gold-plated" and our troubles with the Department of National Defence are based much more on their unwillingness to authorize the expenditure of money on certain items which we think should be included. For instance, I have been urging that houses with aluminum siding, after oxidization, be painted. In the case of the houses for senior officers I have urged that the houses are perhaps too small and that there should be a secondary living-room or playroom finished in the basement. In spite of my best efforts I cannot secure authorization for funds for this purpose. Nor will the Department of National Defence supply us with funds to construct playgrounds, wading pools and outdoor rinks, which I believe are necessary in residential areas where the child population is about eight to ten per acre. In my opinion the auditoriums contained in the schools are an absolute necessity because within the project areas which are mostly outlying in character, there is no community hall. In my opinion the residential development at naval establishments, army camps and air stations is at a minimum level and we will continue our efforts to convince the Department of National Defence that modest amounts of money should be made available to supply necessary amenities in the community.

Dealing now with schools, it is our practice to consult with the provincial department of education. At the time the first school plans were brought down, Central Mortgage took exception to them as being too costly to construct and unnecessarily elaborate. The Department of National Defence agreed with our representations and the revised plans were subject to consultation between ourselves and the departments of education. I believe that the schools, in their four stages, are about the equivalent of schools presently being built in urban communities across Canada. The requirements of some provinces are higher than those of other provinces. Criticism might be made that the standard of Department of National Defence schools is therefore higher than necessary in the provinces of lower standard. I think that a better case can be made for standardization at all military establishments, even if the standard is based on the requirements of the province with the best schools.

To ensure that plans and specifications are being followed and that we are getting full value for our construction dollar, we maintain an inspection staff on each job. Our inspector works with the contractor to ensure that the houses are built in accordance with plans and specifications. As in every operation, mistakes are made. Contractors have difficulty in maintaining a labour force which is 100 per cent efficient. Likewise our inspectors are not all perfect. By and large, however, we have the support and co-operation of the contractors in seeking a good quality of construction. There are very few instances of contractors deliberately cheating on the terms of their contract. A year or two ago a shortage of building materials required substitutions. In some cases the



contractor feels that in light of local conditions there are better ways of doing the job. Our inspectors have some latitude in this respect and rigid adherence to specifications and methods must be modified in a sensible fashion in light of the combined judgment of our inspector and the contractor.

*Cost.*—We keep close check upon the level of costs for the married quarters program. We have advantages in making such checks because in our National Housing Act operation we are in constant touch with house builders who are building houses for sale. The basis of comparison between the costs of married quarters and urban housing requires some modification. On the one hand married quarters are in outlying areas where in most cases a labour force must be imported. On the other hand, in our work the contractor has a large number of houses with regular monthly progress payments and no sales expense. These two factors tend to offset each other but do not equate.

We relate the cost of married quarters to our maximum sale price in use for National Housing Act purposes. This method of measurement, subject to the qualifications I have just mentioned, indicates that the costs of houses for the Department of National Defence are in line with houses being built under the National Housing Act. For instance, excluding land costs, the "C" type house being built for the Department of National Defence—a three-bedroom, 1½ story house—has an average cost of \$7,780. The average selling price for National Housing Act houses of this type is \$7,960. The average cost for two-story, "H" type, three-bedroom houses in the Department of National Defence program is \$8,125, while the average National Housing Act selling price in Ontario is \$8,900. Larger houses of 1,500 square feet to 1,600 square feet in the Department of National Defence program are costing \$11,775, whereas the maximum sale price under the National Housing Act for a comparable house is \$11,830. I have used current national averages as the most suitable comparison. There are variations from these averages in the cost of married quarters, depending upon remoteness, degree of competitive bidding and local conditions.

In our National Housing Act business speculative builders disclose their estimated construction cost, including profit. In December, 1951, the average estimated cost on a sample of 420 bungalows was \$9.32 per square foot. Contract costs for similar married quarters during the latter part of 1951 had a national average of \$9.41. I think that the houses for married quarters are slightly better quality than the similar builders' houses under the National Housing Act. In the case of story-and-a-half houses, the December average under the National Housing Act was \$8.20 as compared with the Department of National Defence married quarters national average of \$7.79. National Housing Act two-story houses in December were running at \$8.04 a square foot as against Department of National Defence married quarters at \$7.82. I repeat that these figures are not strictly comparable but they are an indication that we are buying married quarters in the current market.

Quite properly we are under continuous scrutiny and we welcome constructive criticism. Like everyone else operating in the field, we make mistakes and some projects are better than others. However, I think that both as to price and quality, married quarters and schools are satisfactory.

#### MILITARY CONSTRUCTION PROGRAM

*Quality.*—Although other military construction includes practically every type of building, the types which are repeated from coast to coast are barrack blocks, messes, storage buildings, hangars and central heating systems. I will confine my remarks to barrack blocks and messes because the committee can secure more expert information from other sources in respect to the quality of construction required for buildings which have a primary military use. I just



do not know whether steel arch or concrete or wooden hangars are needed by the air force. Nor do I know whether it is better to follow army technique of a series of small warehouse buildings, of whether the air force technique of very large storage buildings is the more economical one. I know it is easier to build the army requirements, but I understand there are offsetting operational savings in the large buildings used by the air force. Central heating plants are designed by the most competent engineers in Canada and I have every reason to believe that the specifications and standards are suitable. As I mentioned before, we are the procurement agency and the Department of National Defence determines what shall be procured.

Barrack blocks and messing facilities have civilian counterparts and it is for that reason that I have views on this type of building. It will be recalled that during the last war, practically all of the barrack blocks and messes were wood frame construction and were not designed as permanent installation. As a result the armed services came out of the war with temporary buildings which had served most of their useful life. The decision was taken that current construction be of a more permanent character.

Barrack blocks and messes fall into three structural classes:

Class I Permanent, fireproof construction, steel or reinforced concrete frame; concrete floor slabs; masonry or concrete walls, tile partitions, plastered.

Class II Permanent, semi-fireproof construction. Steel frames and concrete floor slabs. Wood stud walls, with transite or equivalent exterior finish. Partitions, frame and wallboard. Stair wells fireproof. Class II accommodation is used where, due to location or non-availability of material and labour it is not practicable to construct Class I standard without unacceptable delay or cost. Normal Class II construction costs about 90 per cent of Class I but it does not eliminate fire risk to the same extent and involves somewhat higher maintenance costs.

Class III Wood frame construction above ground floor. Class III accommodation, at a cost of about 60 per cent of Class I, is used where there are temporary requirements and is provided inexpensively and rapidly.

Over the last eighteen months discussions have taken place between ourselves and the Department of National Defence about these three classes of construction. Our view is that Class II should be eliminated. We feel that the saving of 10 per cent is not commensurate with the quality of the end product. However, the Department of National Defence do not share this view and their position has been confirmed by the Treasury Board. This decision having been taken, we feel that the armed services are using the three classes of construction in proper circumstances.

In my view, there is no lushness, lavishness nor gold-plating in the design layout and specifications for barrack blocks and messes. Perhaps as close a civilian counterpart to barrack blocks and messes are the facilities provided by universities for students. It is certainly the case that university construction of men's residences during the last ten years is of a class and kind considerably higher in quality than that being provided by the armed services. The standard barrack block contains rooms, not overly large, each to contain four men. The specifications for washrooms and showers are adequate but not lavish. Each one of the barrack blocks contains a common room well below the standards currently provided at universities. The messing facilities are plain but good. As a taxpayer, I would not want to see the quality of barracks and messing facilities reduced. My criticism, if any, would be that amenities should be added. There may be a difference of opinion as to the

relative merits of the standard, 180-man barrack block as against the barrack block for 250 men, but I do not think that a discussion on this point would be of much interest to the committee. Perhaps the only good yardstick to measure the sufficiency of plans and specifications is the extent to which the ultimate user finds the building satisfactory. The program is too new for this yardstick to be used and all I can do is express an opinion based upon experience and observation of the buildings which have been completed.

I mentioned earlier that Central Mortgage is not responsible for the plans and specifications for other military construction. However, when they are supplied to us we take a careful look at them during the tender call period. Frequently our engineers suggest changes to the design or substitution of materials which would affect economies and efficiency. We also make our views known in respect to design and location. We have no direct dealings with the designers and our representations in this respect are relayed to the designers through Defence Construction Limited and the Department of National Defence. I would say that a healthy friction exists at the technical level between ourselves, Defence Construction Limited and the Department of National Defence, which is probably the reason why parliament decided upon the principle of civilian procurement for the armed services.

Cost.—Earlier in this statement I mentioned the estimate of construction costs which we prepare during the tender call period. We have a good estimating department who use current prices of materials, prevailing labour rates in the locale of construction, as well as their own experience, in arriving at estimated costs. They are counterparts of the estimating department of a general contractor.

In January 1952, estimates for twenty-three jobs were prepared. These jobs covered a wide range of construction from a medical laboratory valued at \$1,600,000, a structural steel hangar valued at over \$1 million, down to a storm sewer system valued at \$32,000. Our total estimate for the twenty-three jobs was 6 per cent above the twenty-three low bids. In February 1952, on twenty-two jobs covering a similar range of types of construction, the estimates were 14.4 per cent above the awards. In March 1952, on thirty-eight jobs in the same range the estimates were 16.22 per cent higher than the low bids. The number of bids received for each job averages about four, in the range of a single bid to as many as nine on a single job, depending upon the remoteness of the job, its type and how hungry the contractors are in the area. We find that where there are just two or three bids our estimate is usually close to the low bid. Where competition is keener and more bids are received, our estimate is in the neighbourhood of the average bid. When tenders are called at sites where a contractor is already engaged on construction, we often get the benefit of the bid of that contractor reflecting that additional work can be handled by his existing organization.

Our position in respect to competition and the level of successful bids has been improving continuously over the last eighteen months. Competition is keener because of conditions and because immediately after November 22, 1950, we took steps to make our jobs more attractive to contractors. For instance, in the period January 1 to March 31, 1952, an average of nine and one half days elapsed between the time we received monthly progress estimates on site and the time that the cheque in payment of monthly claim was despatched to the contractor. This is the average for 1,036 claims totalling over \$43 million from coast to coast, and includes disputed claims. I am told by some of the larger contractors that we pay our bills more promptly than private owners. Another example is a realistic approach in respect to deposits and holdbacks. Every effort has been made to ease the financing burden of the contractor commensurate with safety to ourselves as owners.



In this type of construction we have not the same facilities for comparison with prices bid to private owners as we have in the married quarters program if for no other reason than that there is no military construction on private account. We depend upon our estimating department and our officials keeping in touch with what is going on in the construction field generally. Our best yardstick is our own estimate, based upon the technical ability of our estimators and our knowledge of conditions in the construction field. A comparison of lesser value is the unit price received in the bids for such items as form work, excavation, cut and fill, concrete and reinforcing. We have made a comparison of our unit prices with those received by private owners and we believe that our unit prices are from one half of 1 per cent to  $2\frac{1}{2}$  per cent lower. Except in certain specialized fields, I believe that the construction industry is bidding defence jobs as closely as private work.

Although my remarks may appear to be a reassuring report of our stewardship, I do not wish to create the impression that a perfect job is being done. Mistakes take place, and administrative troubles arise. But in the overall, the job is being done. We are spending a lot of money under favourable conditions and we have regard both to the immediate needs for the construction and to the prudent spending of public funds.

The CHAIRMAN: Gentlemen, the witness is yours.

Mr. APPLEWHAITE: I would like to ask one or two questions. In connection with the married quarters program for the armed forces are these buildings supplied free or are they rented?

The WITNESS: Mr. Chairman, my understanding is that as part of the remuneration payable to an enlisted man or officer, he is provided with married quarters. If the Defence Department cannot provide married quarters then a cash married quarters allowance is given in lieu of married quarters which are not available.

Mr. DRURY: I would like to frame that slightly differently. Subsistence is part of the total emolument of a soldier. It may be recalled that at the time the last increases in pay were announced the minister made the point in the House that the total emolument was determined on the basis of comparable work, in so far as comparison could be made, in civilian life. Included in his total emolument is an allowance for rations and quarters which is payable to a soldier. If he is not provided with rations and quarters the allowance given is called a subsistence allowance. When a soldier lives out he gets his pay of rank plus a subsistence allowance and the sum of those two make up his total emolument and is designed to be comparable with what a civilian gets for a comparable job.

If it is possible to provide him with married quarters there is a charge or a deduction made from his total emolument depending on his rank. It varies from \$61 a month to \$165 a month for a major general.

Mr. APPLEWHAITE: May I interrupt? That deduction from his total emolument is from the figure which includes subsistence allowance?

Mr. DRURY: That is correct. I think one can say that rent is in effect paid by the men and officers who occupy these married quarters.

*By Mr. Applewhaite:*

Q. Might I ask Mr. Mansur whether they have any housing programs in connection with defence production or defence construction workers—as against the members of the armed services?—A. Yes, sir. It falls into two categories. At Sorel, Renfrew, and Haley, houses were constructed out of funds provided as capital assistance to the defence industries. The numbers involved were 66 at Sorel, 50 at Renfrew, and 15 at Haley. Those, I think, are the only three



where the project has been completed out of capital assistance moneys. However, in addition to that, modifications were made by the government to the National Housing Act whereby special financial terms are made available to defence workers. Basically, it is a 90 per cent loan, restriction of sale except to defence workers, a buy-back in favour of the builder—95 per cent of the maximum sale price. There are 516 projects of that kind in the Malton area, 750 in the Cartierville area surrounding Canadair, and other smaller ones through the country.

Q. In connection with the first three mentioned, does Central Mortgage and Housing manage and operate them or do you build them and turn them over to someone else?—A. In the early stages of discussion of this type of housing I think there was some hope held by the manufacturers that the government would be prepared to repeat the wartime housing deal. The government was not prepared to repeat the wartime housing deal and although the houses which I have mentioned are built by capital assistance, the landlord position is held by the defence manufacturer. We have an agreement with the defence manufacturer to operate those houses as landlords, and for this purpose, sir, Central Mortgage acts as the agent of the Minister of Defence Production.

Q. In connection with the military married quarters or houses, is there a general rule as to whether they do or do not include basements?—A. Apart from unusual locations—and Sea Island, Vancouver would be one where if you tried to dig a basement you would dig a lot of water—the specifications call for basements. Perhaps, Mr. Chairman, in answering the question I could say that there is no desire at all not to put a basement under a house.

Q. My other question was: Have you a general lifetime expectancy of those houses and would you state approximately how long they would be good for?—A. 85 years.

Q. A good reasonable length.—A. Yes.

The CHAIRMAN: 85 years?

The WITNESS: Yes, there are a great many frame houses in this country that are over 85 years of age.

Mr. CROLL: He spoke about a lifetime, and not a generation's expectancy.

Mr. HARKNESS: There are plenty of log houses which are older than that still serving.

I would like to ask Mr. Mansur the cost per man of the barrack blocks recently completed in Shilo.

The WITNESS: The range, sir, varies between localities and is up and down from about \$2,500.

The CHAIRMAN: The answer is on page 156 to page 160, they have covered all barracks and messes. His guess was good but you will find figures on all barracks and messes since April 1, 1950.

The WITNESS: It was more than a guess, Mr. Chairman.

The CHAIRMAN: But you did not see the figure. It is all there, Mr. Harkness.

Mr. HARKNESS: In the return which you brought down the other day there was a list of officers' messes and I noticed there were two at Moose Jaw and two at Penhold, which I think run over \$300,000 each. What type of construction would that be, class 1 or class 2?

The WITNESS: That would be class 2 construction, I am informed. You will remember I mentioned in that statement that class 2 is a cost of about 90 per cent of class 1.

*By Mr. Macdonnell:*

Q. You mention \$165 million on page 5 of this report covering military construction other than houses during the current fiscal year?—A. Yes.

Q. I do not remember whether you broke that down among the different types which you outline on page 9?—A. No, sir, I did not.

Q. Could you?—A. I could break it down for you, sir, but I would have to supply that information. It is not broken down at the moment.

MR. JONES: On page 4 you state: "We have not been requested to proceed with the 1952 program". Does that mean that the scheme has been dropped or come to an end?

THE WITNESS: I do not know, sir. I think the officials of the Department of National Defence could tell you.

MR. DRURY: The scheme has not been dropped but it is in the process of being examined. It has not yet reached C.M.H.C.

MR. MACDONNELL: Going back to my question, do you happen to know how much of that \$165 million goes into barrack blocks?

THE WITNESS: I will try to get that information. I think we may have it here.

THE CHAIRMAN: Is there anything further?

MR. ADAMSON: I wanted to ask a question about the amenities. I think that Mr. Mansur mentioned, with considerable emphasis, the desirability of improving the amenities in married quarters together with such things as auditoriums and other facilities. Is there any estimate of how much extra they would cost? I have in mind two developments: One at Deep River where I understand everything has been laid on with almost the greatest luxury, and the other at Petawawa which is subject to these restrictions of the Department of National Defence. If it is possible, I think the committee would like to know how much more these amenities you emphasize would cost. Can a figure be obtained on a per house basis or on a per 100 population basis?

THE WITNESS: \$100 to \$150 a unit, sir, for wading pools, developed playgrounds, and an open air hockey rink in the winter—things which in our opinion, and in our opinion only—are required where you put as many as 500 families with 1,500 children all together in one spot.

MR. ADAMSON: That would bring your cost of class 2 houses up from \$8,500 to—

THE WITNESS: \$8,650.

MR. ADAMSON: Or about 7 or 8 per cent?

THE WITNESS: No, sir. \$150 on \$8,500 gives you something of the order of 1½ per cent.

THE CHAIRMAN: Just at this point if I may break in, I was very much impressed with what Mr. Mansur said about these amenities. Mr. Drury, could you throw any light on why you do not do this?

MR. DRURY: A military community should benefit, I think, as largely as possible from a community effort and not have everything provided at government expense. Wading pools, playgrounds and outdoor hockey rinks are all items which are not beyond the capacity of the residents to provide on their own initiative and with their own labour. If they do it it is something in which they have a direct and continuing interest. It is their own work and their own effort whereas if they move into a completely furnished establishment—and I think this is a universal experience—their interest in the care of it does not tend to be of as high an order as if they had a hand in creating some of it themselves.

Mr. ADAMSON: Mr. Drury, would you suggest that is the sort of thing into which profits from mess funds and so on might go?

Mr. DRURY: Profits from mess activities might well be used on that sort of thing—it is what we had hoped to see done.

The CHAIRMAN: How do you reconcile your former statement that you attempt to place army personnel on a comparable basis with civilians—and you take rent from them on a comparable basis—yet you do not provide the same facilities?

Mr. MACDONNELL: Mr. Chairman—

The CHAIRMAN: Just a moment.

Mr. MACDONNELL: Has Mr. Mansur said that the amenities which he has described are amenities which, for example, his organization is putting into comparable construction for civilians?

The WITNESS: Yes.

The CHAIRMAN: I know what they are doing at Central Mortgage and Housing.

Mr. DRURY: I think Mr. Mansur will agree that we pay less rent than civilians.

Mr. APPLEWHAITE: Along that line—

The CHAIRMAN: Do you mind one moment? Is there not more to it than that? You merely put it on the ground that they pay less rent?

Mr. DRURY: They do pay less rent and it does not seem to me unfair that they should get perhaps less than they receive in a standard Central Mortgage and Housing development.

Mr. APPLEWHAITE: Before you get away from that, I wanted to ask whether Mr. Drury's argument was entirely valid in view of the fact that surely military personnel do not become long term residents in any one given camp?

Mr. DRURY: That is correct and that does lead to less in the way of these community facilities being undertaken than would perhaps be the case in a normal civilian community. Nevertheless, it does seem to me to be a good philosophy to try and stimulate.

The WITNESS: I wonder if I could make one remark on this.

The CHAIRMAN: Gentlemen, this healthy friction is good, go ahead.

The WITNESS: In the case of the Department of National Defence, if they were to put in wading pools they might have the same experience as we had at Mann Avenue. We put in an investment of about \$4,000 for the residents at Mann Avenue—now called Strathcona Heights—upon which the return to us is 17 per cent per annum, and there are no admissions charged to the wading pools. The reason is that the hot water, which in this case would be paid for by the Department of National Defence, would be reduced enough during the summer to yield about 17 per cent return on the capital cost of the wading pool.

Mr. ADAMSON: Because of the increased cleanliness of the children?

The WITNESS: Because of the fact that in Mann Avenue 1,100 children and their clothes do not have to be washed every night. The coal consumption saving represents a 17 per cent return upon the investment in that wading pool.

The CHAIRMAN: Gentlemen, let us get away from amenities. Somebody is going to start asking questions about washing diapers and I will call that out of order.

Mr. MACLEAN: I wonder if Mr. Drury would like to express an opinion as to the relationship that there is between the amount of amenities supplied on a military station and the costs in man hours of personnel of the station—cleaning



them and so on. On an air force station, for instance, when you have a lot of married quarters supplied, and if you had wading pools and so forth, the works and buildings officer would spend a lot of his time patching the wading pools—if they were supplied at government expense. Do you get the point?

I am not expressing myself very well, but there is a relationship between the size of the camp occupied by a certain number of personnel and the amount of housekeeping that must be done by the personnel of the station?

Mr. DRURY: That is correct.

Mr. MACLEAN: The more you supply the higher the drain will be on the works and buildings facilities on the station?

Mr. DRURY: The more married quarters and other non-working establishments there are, the higher the maintenance will be.

Mr. HARKNESS: To refer to this matter I was on a moment ago, it was said that the cost per man of these barrack blocks was about \$2,500. Looking at this information you referred me to at page 157, I see there is one of these class 2—Two of these class 2 married blocks at Shilo—of 180-man capacity, at a cost of \$1,154,252. If my arithmentic is correct, that gives a cost of \$6,400 each.

The CHAIRMAN: The average cost is \$2,543.

The WITNESS: Might I point out that these are two buildings, and so you would have to divide your \$1 million figure by two.

Mr. HARKNESS: That would be \$3,200, then?

The WITNESS: Mr. Chairman, that figure, the buildings for which the total contract value is \$1,755,000 consists of two barracks blocks and two messes.

Mr. DICKEY: There must be some mistake there. It is on page 157.

The CHAIRMAN: Is that the same thing?

The WITNESS: That is two barracks blocks.

The CHAIRMAN: Mr. Mansur's figures are slightly higher than that.

*By Mr. Harkness:*

Q. One of the reasons I bring this up is this, that when I came down on the train last Easter there was quite a bit of publicity in the Winnipeg papers in connection with opening one of these barrack blocks at Shilo, and at one time it was said that this was a project that cost \$2½ million to \$3 million—two barrack blocks for 250 men each, and two messes. That meant that the cost was running somewhere over \$5,000 per man.—A. Mr. Chairman, if these are the two barrack blocks and messes that are nearing completion—

Q. I think they were completed and were being moved into—one was being moved into at that time. In fact, General Brownfield, who was out there, directed my attention to it in the paper. The paper had a picture of him opening that block.—A. The contract price, including the extras, which this did, for those two barrack blocks and the two messes is \$1,754,031.

Q. Have two buildings been completed now, or only one?—A. These two barrack blocks and two messes as at April 1, 1952 were 85 per cent complete. As at May 31, barrack block No. 1 was 90 per cent complete, barrack block No. 2 was 90 per cent complete, mess hall No. 1 was 96 per cent complete and mess hall No. 2 was 50 per cent complete.

*By Mr. Hunter:*

Q. What are those percentages based on, cost?—A. No, they are the physical completions.

Q. How do you figure that out?—A. What we do, Mr. Chairman, is this: we have 24 main categories, such as excavation, concrete foundations, concrete reinforcement steel, plumbing, electricity, all the way through, and our on-site

inspector views the building and takes a percentage of each one of these 22 operations, as to how far it is along, and these physical checks form the basis of our engineers' certification of the monthly progress estimate from the contract.

Q. What do your figures for the two mess buildings and the two barracks blocks total?—A. \$1,754,031, of which, as at April, 1952, \$1,489,915 had been spent.

The CHAIRMAN: Explain again what was being built for that amount of money.

Mr. HARKNESS: How many men?

The WITNESS: Two 250-man barracks blocks and two mess halls.

Mr. DICKEY: What would the unit cost of the barrack accommodation be on those figures, approximately?

The WITNESS: I would think, Mr. Chairman, that the actual barrack cost for 500 men would be of the order of \$1,400,000.

*By Mr. Hunter:*

Q. Are these married quarters of frame construction?—A. Generally, yes; there are some multiple units in Dartmouth and Halifax which are of monolithic concrete, but generally speaking the married quarters program is of frame construction.

Q. Why should they do that—because it is slightly cheaper? Is frame construction cheaper than other types?—A. There are two or three reasons, I think—for frame construction being used, you mean?

Q. Yes, that is what I mean.—A. The first is that they will run about \$500 a unit under brick veneer; the second thing is that you cannot get bricklayers in these outlying areas. That will run \$1,500 a unit less than concrete, and wherever you can use frame in an outlying area it is easier to find the labour forces than if you are using masonry.

*By Mr. Harkness:*

Q. To come back to these barracks blocks, I see a note at the bottom here, "No service or utilities included". The figure shown represents the building cost only?—A. That is correct.

Q. How much would the additional cost be to provide services and utilities?—A. Mr. Chairman, the roads and the water and the sewers would be in for the camp as a whole. I am not quite sure how you would pro rate it out, but I would think something of the order of 2 to 3 per cent would be quite sufficient for its share of the camp services. Now, when I say that it depends upon how you view the barracks blocks, whether the camp services are brought in for the barrack block or if the barrack block gets a free ride on the existing camp services.

Mr. APPLEWHITE: Does that figure include what you call landlord fixtures?

The WITNESS: Yes, it does.

*By Mr. Adamson:*

Q. Then the figure that you are using for housing and messing a man is approximately \$3,500—\$2,800 to house him, and \$700, approximately, to mess him?—A. I think those Shilo prices may be a bit higher than we have in other places.

Q. Is there any difference in the construction in the different climatic areas in Canada? For instance, would you have the same type of house as Petawawa as at Shilo? I am not speaking of the Arctic now, such as Churchill, for instance.—A. Generally the same type, but there is a little difference in the

specifications for construction on the west coast. They are changed somewhat. There is, we believe, and I think the Department of National Defence agrees, a great advantage in keeping the same type of house at all stations. Now, obviously, on the Pacific coast you will not have to drop footings to nine feet and lay a concrete pad designed for Manitoba clay when you get into Vancouver, where you have no frost in the ground at all. Water will come in at three feet below the service level at Vancouver, whereas at Winnipeg you must drop it to eight feet or nine feet to bring it into the house, Mr. Adamson.

Q. Do they make a very great difference in the construction?—A. No, not a great deal. I would think that the actual intrinsic value in difference between ordinary houses in the prairies as against Pacific coast houses is something of the order of 10 per cent. In other words, the extra insulation, the storm sash, the lower level of services, both coming in and going out of the house, the depth of foundations, etc., may be of the order of \$500 to \$600 higher on the prairies compared with what has to be spent on the Pacific coast.

Q. Now, in regard to your construction of schools, the construction of schools is also on a permanent basis—they are built as permanent buildings?—A. Yes, as permanent buildings.

Q. And they have a lifetime of 85 years? That is a new figure. I have not heard it before.—A. It is new, for me.

The CHAIRMAN: It is very new for me.

*By Mr. Adamson:*

Q. And for your school construction, how do you estimate the cost per room? What will be the cost of a modern school building, the cost per room?—A. Roughly, about \$25,000 a room.

Q. That is for a 50-pupil room?—A. About 25 to 30 children in the room. About \$1,000 per pupil, with an auditorium.

Q. How is that paid for, entirely by the Department of National Defence?—A. Yes.

Q. There is no provincial grant?—A. No.

Q. Do you have anything to do about the running of the schools?—A. No, we have taken on for the Department of National Defence the liaison work with the ten provincial governments in connection with schools; the specifications and the type of school to be built are discussed with the provincial government and you come to an agreement with them. Then the provincial government has co-operated to the extent of fitting the Department of National Defence school into their educational system. My understanding is that the Minister of Education arranges for the appointment of what is the equivalent of a board of school trustees at each one of these army camps and air stations, so that as far as possible, Mr. Adamson, the school, although paid for by the Department of National Defence, fits into the provincial Department of Education system.

Mr. APPLEWHAITE: I take it it pays no school taxes?

The WITNESS: No.

*By Mr. Adamson:*

Q. Now, you mentioned something about a recommendation for painting aluminum siding. Who takes care of the upkeep of the military houses?—A. After they are accepted by the armed services as being satisfactory we have no further interest in the houses. The maintenance, upkeep, is the responsibility of the Department of National Defence. We are merely a construction agency.

Q. Is there fire insurance carried on any of these houses or does it follow other government policy?



Mr. DRURY: No, Mr. Chairman.

The CHAIRMAN: No, what?

Mr. DRURY: No fire insurance.

The WITNESS: During the period of construction when the materials on site are in ownership of the contractor, there is construction fire insurance on the project until the completion date.

Mr. HARKNESS: In connection with the cost of these married quarters, you put in several figures, comparing the costs quite favourably with houses built under the N.H.A. arrangement. Could you give us, if you have it readily available, the cost of houses of the various classes built at Calgary? I ask that particularly because you say that the cost varies—in most cases you say labour forces have to be imported, but to offset that there is no sales expense, and these two factors often equate each other, but in a place like Calgary you would not have to import labour forces, so I was wondering what the costs of these houses were compared with the average figures you quoted?

The WITNESS: I have not those figures with me, but I would guess the Calgary houses would be less favourable than houses in some other locations, less favourable as to cost. As you will remember, both in Calgary and Edmonton the labour force has been fully occupied and the contractors were not particularly hungry for work there.

The CHAIRMAN: Gentlemen, we have heard Mr. Mansur, and we will now be able to hear Mr. Drury. On your behalf, I want to thank Mr. Mansur for preparing this statement. He took particular pains, bringing us very useful information and answering questions in the manner in which he did. Thank you, Mr. Mansur.

Mr. Drury has a few questions outstanding. I would like him to have a chance to answer them. I think the information will be useful.

Mr. DRURY: Mr. Macdonnell some time ago asked me if I could give him any kind of an over-all comparative picture on the losses that we have reported, and I was not at that time able to do so. Since then I have had an opportunity of doing some research. The difficulty about giving a general comparison of this sort, other than merely an opinion, is to find anywhere suitably comparable statistics. Civilian operations differ quite materially, from military operations. From statistics supplied for civilian purposes we have tried to make a comparison with the military, and I would like to give Mr. Macdonnell some of the results. In respect of fire there have been statistics prepared—unfortunately only in detail for the year 1949—of fire losses to buildings and contents expressed as a percentage of the assessed value of the buildings themselves. In the six principal cities of Canada, in 1949, buildings having an assessed value of \$4,279,339,000, sustained fire losses to the buildings and to the amount of \$11,336,000, which is a ratio of .27 per cent. In the case of departmental property we have taken 65 per cent of the cost value of the building to get a figure comparable to civic assessment and have placed against that the fire loss of the building and its contents. In 1949 against this 65 per cent of total value of buildings of \$844,400,000, the losses were \$1,074,000, or .13 per cent. The following year the assessment value was \$903,000,000 and the losses of \$1,210,000, or .13 per cent, the same, as for the previous year. In 1951 against an assessment value of \$1,227,000,000, for the whole department, the fire losses were \$1,720,000, or .12 per cent.

So the departmental loss compared to civilian losses averages out about .13 per cent as against .27 per cent, for civilian losses. Another set of statistics which we were able to obtain were the fire losses paid by insurance companies in respect of a number of categories of buildings covering warehouses, retail stores, office buildings, banks, hotels, and metal working plants. These cover

generally the same range as the type of buildings we have. The total value of the insurance written in 1950 was \$1,968,054,610. The loss paid against that figure was \$11,421,383—or .57 per cent.

Now, unfortunately the total amount of insurance written does not represent the total value of the buildings. I am told, however, that general insurance practice is to pay the full amount of the loss where the building is insured for 80 per cent or more of its total value. Where the total amount of insurance carried is less than 80 per cent then there is a pro-rating of the loss as between the insured and the insurer. In order to take into account this 20 per cent margin we have taken 20 per cent off the total value of our buildings for the army for the year 1951—the valuation of \$600 millions, less 20 per cent amounts to \$480 millions. As against that our loss was \$434,484 or close to .1 per cent—one-tenth of 1 per cent. So, in respect of building losses alone on what appear to be comparable types of buildings, the civilian loss is of the order of .58 per cent and for the army .1 per cent.

Mr. MACDONNELL: Those are interesting figures, but I don't know whether they are relevant to the point raised in this committee and in the House. In military establishments where people are on duty and where things are under observation with guards and so on—and probably things were in better shape to begin with—one would expect the situation to be better.

Mr. DRURY: With all those things we agree. They should be better. We are not satisfied that these are perfect results but this does give some kind of an over-all picture of the relationship.

Mr. MACDONNELL: I did not say that to criticize you at all but I do not know that it is relevant.

Mr. DRURY: It is entirely relevant. Our figure should be lower and I am glad that they are lower.

In respect of losses due to theft and inventory write-offs, no statistics for civil practice are published. We have however managed to canvass on a confidential basis a number of large departmental stores and two large manufacturing concerns to try and get an idea of their experience. Department stores reckon losing .5 of 1 per cent—one-half to 1 per cent due to theft, spoilage, inventory mistakes, and that kind of thing. That is one-half to 1 per cent of turnover.

Mr. APPLEWHAITE: Per year?

Mr. DRURY: Per year, is what I am told. We have made a study of the performance of the three main ordnance depots for the army. In the last year the average loss for the three due to theft and write-off—not taking into account surpluses brought to charge—came to less than one-half of 1 per cent of turnover. Here again I would remark before you do that in an army depot losses would be less than in a departmental store or a large manufacturing plant such as a motor car plant or aircraft plant. We would hope there would be less loss and in fact there is—one-half of 1 per cent as compared to something between one-half per cent and 1 per cent.

Mr. HUNTER: I would suggest, Mr. Drury, that it should be higher than in departmental stores. In departmental stores they have highly trained detective staffs watching constantly but you have not got them?

Mr. DRURY: We have a staff and we hope they are watching constantly. We are not, however, subject to the inroads of unscreened and unquestioned people as departmental stores are. The average loss on this account in the two manufacturing plants is 3/4 of 1 per cent and that perhaps is more nearly comparable to our situation than is the departmental store figure.



Mr. CAMPNEY: I wonder if there is not another factor that might have some bearing toward making your losses comparably greater. It is the fact that there is a general feeling that government property is looked upon as fair game.

The CHAIRMAN: What he is actually trying to say is that after having given us an education for five years in scrounging do you suddenly expect us to become honest?

Mr. DRURY: No, I am not trying to put forward any reasons.

Mr. CAMPNEY: But I think it is a relevant factor, and one that we must guard against continuously.

Mr. MACDONNELL: I think Mr. Drury put it fairly and I think what he said about stores is particularly apt.

The CHAIRMAN: Well, gentlemen, just let him finish.

Mr. DRURY: There is perhaps only one further statistic. In a normal operation we have not too much turnover and a computation of loss not based on turnover but based on total holdings is perhaps more relevant. If we go back to the department store again, they normally reckon on a turnover of their entire stock four times a year so a loss of 1 per cent on turnover would be the same as 4 per cent of stock at any given time.

In Prairie Command, which is one of the commands of the army, a detailed survey was made. I would suggest it is reasonably typical of any element or the whole of the armed forces. In 1950-51 the percentage of loss due to theft and stock taking errors came to less than 1 per cent of holdings. Now here we are less than one-quarter of the department store experience, but as I mentioned before we would expect it to be less.

Mr. MACDONNELL: I do not know whether you mentioned your rate of turnover?

Mr. DRURY: The rate of turnover in a command is not very rapid. It is in a big depot but within a unit the turnover except for food and other consumables is not very rapid. That is why we relate it to the total holdings.

Mr. HUNTER: Would there not be another reason? You are not merchandising attractive stores. Your stores have not the same attraction?

Mr. DRURY: Some army goods have great attraction. Army boots are as good as any boots in the country.

Mr. HUNTER: Well the army does not generally merchandise stores which are as attractive as those in a department store. I do not know of anything in the army that I would want to steal except perhaps a pair of binoculars or something—

Mr. DRURY: Or a compass, or a pistol, or a raincoat, or boots, or rubber boots. There is quite a range. We even have rifles stolen. The fact that people take some things indicates they must be attractive. They do not steal howitzers—

Mr. HARKNESS: They may get them yet.

The CHAIRMAN: Have you anything else?

Mr. DRURY: That is all I can say.

The CHAIRMAN: Gentlemen, this concludes the committee's meetings.

Mr. MACLEAN: Before you conclude I had a couple of very brief general questions to put to Mr. Drury.

The CHAIRMAN: Fine.

Mr. MACLEAN: Has the Department of National Defence declared surplus and disposed of equipment that they must now turn around and replace, or is that a fair question—to any large extent? I was thinking generally of perhaps



uniforms, jeeps, and perhaps some types of naval vessels. I am not asking the question in a critical way but I just thought that we might be able to achieve some foresight as a result of hindsight?

Mr. DRURY: Last year in the Public Accounts Committee if I remember correctly a report was tabled.

The CHAIRMAN: That is correct.

Mr. DRURY: There was a statement of all items which had been declared surplus and disposed of. That is now a year and a half old and since that statement was produced we have declared nothing surplus which we have had to repurchase nor do we consider we are likely to have to repurchase it.

The CHAIRMAN: In any event, Mr. MacLean, the table is on record.

Mr. MACLEAN: There would not be any cases where there is equipment still possessed by War Assets or by civilians, which might be obtained again—perhaps naval vessels of some types.

Mr. DRURY: You will recall that after the war there were quite substantial disposals of military equipment of one sort and another by War Assets Disposal Corporation. Whether any of that it still usable and still in the hands of private individuals I do not know. None of it is in the hands of Crown Assets Disposal Corporation—or none which is of any use to us. I think possibly as an example, there is a firm in St. Johns, Quebec, the Babb Company which still has a number of spare parts for Harvard aircraft. They purchased those in 1945 and have been carrying them ever since. Some of those we are re-acquiring as needed to repair old Harvards.

The CHAIRMAN: If that concludes the questions, gentlemen, then we have concluded by agreement our sittings—until we meet again on Tuesday.

Before the committee adjourns for the purpose of considering its report I wish to say to the committee how much I have appreciated the co-operation of all members. I think I should say too that the public does not realize that we are pioneers in this field, breaking new ground. Members have been patient, interested, very attentive, and they have applied themselves. I know that we have not had anything very spectacular or very startling in the committee but I also know that in the over-all picture it has been beneficial to the country.

I think we have indicated to the public that we have great concern for these very large expenditures. I think also that we have left upon those departments which have appeared before us the imprint of a greater sense of cost consciousness. All in all, it has been a very good beginning.

Mr. Drury has carried the burden before this committee. He has been helpful, informative, co-operative, he has left with me, and I think the committee, with the feeling that he has been on top of his department. We are, I think, all pleasantly surprised at the thorough knowledge he has of the department.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: Mr. Beaupre came to us a little late after Mr. MacKenzie left. He has been co-operative and helpful. He has made a very favourable impression on the committee. We are very appreciative of his services.

I should say a word about the staff of the Department of Defence Production and the Department of National Defence who have worked very hard and for long hours preparing for us information that we have from time to time required. We hope that in the not too far distant future, we may reward them with a five day week.

I think a word should be said about the Printing Bureau and the men who work there night after night bringing our reports to us as quickly as possible. We should send our word of thanks to them. I will include also Mr. Plouffe,

our untiring clerk who has worked very hard to keep up to date and in good order. All in all I think the committee has been an educational one, and a helpful one to the country. I have enjoyed it; I have enjoyed the companionship and the fellowship we have had. We have not always agreed but we have all been working towards what we perceive to be our objective.

Mr. STICK: Following your remarks, Mr. Chairman, I think that a formal motion would be in order:

That the thanks of this committee be extended to all the witnesses who have appeared before this committee. That our thanks also be given to all those in the departments who worked so diligently to supply us with the mass of information presented to this committee.

I would so move.

Mr. DICKEY: I would second that.

Carried unanimously.

The CHAIRMAN: Gentlemen, this concludes the sittings of this committee for this session.

The committee adjourned.

# CAPITAL ASSISTANCE PROGRAMS APPROVED TO MAY 31, 1952

## Department of Defence Production

### Appendix No. 26

Name of Contractor	Description of Project	Total Esti- mated Cost	Expendi- ture 1951-52 and Prior Years	Esti- mated Expendi- ture 1952-53	Comments
		\$	\$	\$	
AIRCRAFT DIVISION—					
1. Aircraft Industries of Canada Ltd.	Servicing instruments for Harvard Trainers	42,000		42,000	See P.O. No. 4776, dated April 22, 1952.
2. Aviation Electric Limited	(a) Manufacture and inspection of aircraft instruments.	710,590		710,590	Contract under negotiation. No payments made to date.
	(b) Servicing instruments for Harvard Trainers.	93,055	42,138	50,917	See P.O. No. 4170, dated November 22, 1951.
3. Bata Engineering Co. Ltd.	Production of parts for CF-100 under-carriages.	49,240		49,240	Contract under negotiation. No payments made to date.
4. Bolton Die Company	Manufacture of Drop Forged Dies.	43,240	39,555	3,685	Machine Tools Division to purchase machine tools. See P.O. No. 4775, February 26, 1952 covering installation.
5. Brunswick-Balke-Collender Co. of Canada Ltd.	Manufacture of Radomes.	181,425	44,889	136,536	Certain machine tools to be purchased by Machine Tool Division. See P.O. No. 4550, February 1, 1952, covering balance of equipment and installation costs.
6. Canadian Foundries & Forgings, Ltd.	Production of Drop Forgings.	207,531		207,531	Machine tool purchased by Machine Tool Division. See P.O. No. 4891, May 26, 1952, covering installation.
7. Canadair Limited	(a) Production of F86, T33 and T36 aircraft (b) Production of F-36 aircraft	12,601,091 3,878,450	1,383,752 3,737,697	11,317,339 140,753	Formal contract under negotiation. See Agreement dated September 1, 1949 and amendments.
	(c) Airport facilities	110,000	83,435	26,565	See Agreement dated October 25, 1950.
8. Canadian Car & Foundry Co. Ltd.	Manufacture of Propellers.	437,000	107,238	329,762	Certain machine tools to be purchased by Tool Division. See P.O. No. 4655, January 9, 1952, covering balance of equipment and installation costs.



9. Canadian General Electric Co. Ltd.	Overhaul of Jet Engines.....	1,460,000	1,264,278	195,722	See P.O. No. 2-B-G-902, August 7, 1951.
10. Canadian Pratt & Whitney Aircraft Ltd.	Manufacture of engines for Harvard trainers.....	7,320,000	1,311,099	6,008,901	See Agreement dated August 21, 1951. (\$6,655,000).
11. Canadian S.K.F. Co. Ltd.	Manufacture of Aircraft Engine.....	750,000		750,000	Contract under negotiation. No payments to date.
12. Canadian Steel Improvement Ltd.	(a) Manufacture of blades for Jet Engines..... (b) Manufacture of blades for Jet Engines..... (c) Orders not covered by F.E.....	1,630,399 2,101,683 44,818	30,428 2,027,602 44,818	1,599,971 74,081 44,818	See Agreement dated April 19, 1951.
13. Carrier & MacTeeters	Overhaul and modification of aircraft Electrical Equipment.....	15,353	3,125	12,228	Certain machine tools to be purchased by the Machine Tool Division. See P.O. No. 4720, March 6, 1952, covering balance of equipment and installation costs.
14. Cocksutt Aircraft Limited	(a) Combustion Chambers for Orenda Engine..... (b) Housing Project.....	813,080 500,000	359,075 157,348	454,923 342,652	Certain machine tools to be purchased by the Machine Tool Division. See P.O. No. 4484, December 17, 1951, covering balance of equipment and installation costs.
15. Cocksutt Farm Equipment, Ltd.	Production of Orenda Engine Components.....	242,700		242,700	Contract under negotiation. No payments to date.
16. Cresswell Pomeroy, Ltd.	Production of Aluminum Aircraft Parts.....	43,648		43,648	Contract under negotiation. No payments to date.
17. Dominion Foundries & Steel, Ltd.	Manufacture of Steel Castings.....	35,280		35,280	Contract under negotiation. No payments to date. See P.O. No. 4828, April 4, 1952, covering installation costs.
18. Ferranti Electric Limited	Electrical Equipment for Aircraft.....	234,993	33,216	201,777	Certain machine tools to be purchased by the Machine Tool Division. See P.O. No. 4689, January 18, 1952, covering balance of equipment and installation costs.
19. Fleet Manufacturing Co. Ltd.	Manufacture of Aircraft Parts.....	679,275	412,926	266,349	
20. Hayes Steel Products	Manufacture of Forging Dies.....	154,200		154,200	Machine Tools to be purchased by the Machine Tool Division. See P.O. No. 4893, May 28, 1952, covering installation.
21. Light Alloys, Limited	Manufacture of Aluminum Castings.....	2,252,960	2,202,727	50,233	See Agreement dated March 22, 1951.
22. Ontario Hughes Owens Co. Ltd.	Overhaul and repair of Fire Control Systems.....	82,393		82,393	See P.O. No. 4255, November 22, 1951.
23. A. V. Roe Canada Limited	Manufacture of Orenda Engines and CF-100 Airframes.....	44,352,000	28,175,411	16,176,589	See Agreement dated May 9, 1949, and subsequent amendments.

Name of Contractor	Description of Project	Total Estimated Cost	Expenditure 1951-52 and Prior Years	Estimated Expenditure 1952-53	Comments
<i>AIRCRAFT DIVISION—Continued</i>					
24. Rotax Canada, Ltd.	Manufacture of Fuel Systems for Orenda Engines.	4,293,452	1,796,605	2,496,847	See P.O.'s No. 2-B-0-952, and No. 4175, December 21, 1951.
25. L. J. R. Sanders Engineering, Ltd.	Manufacture of Forging Dies.	31,967	7,323	24,644	Machine Tools to be purchased by Machine Tools Division. See P.O. No. 4801, February 28, 1952, covering installation costs.
26. Specialloid Canada, Ltd.	Production of Propeller Governors.	21,046		21,046	Machine Tools to be purchased by the Machine Tools Division. See P.O. No. 4931, May 28, 1952, covering installation costs.
27. Sperry Gyroscope Co. of Canada Ltd.	Manufacture of Instruments for Harvard Trainers.	2,250,000	631,413	1,618,587	Certain machine tools to be purchased by Machine Tools Division. See P.O. No. 4174, October 18, 1951, covering balance of equipment and installation costs.
28. Standard Aero Engines, Ltd.	Overhaul and repair of aircraft.	119,537	111,916	7,621	See P.O. No. 4172, October 31, 1951, covering alterations and repairs to Crown-owned hangar.
29. Vokes (Canada) Ltd.		54,000		54,000	Contract negotiations in abeyance. Project may be cancelled.
30. Weatherhead Co. of Canada Ltd.	Manufacture of Standard Aircraft parts and fittings.	1,505,284	100,529	1,404,755	
		87,891,690	42,512,807	45,378,883	
<i>AMMUNITION DIVISION</i>					
31. Canadian Arsenals Limited	(a) .50 calibre ammunition program, Valcartier, Que.	1,132,800	463,842	668,958	See Letter Contract dated September 24, 1951.
32.	(b) Rehabilitation of ammunition Plant, St. Paul l'Ermite.	586,940 } 766,000 }			See Letter Contract dated February 27, 1952.

33.	(c) Alterations, St. Paul l'Ermite.....	405, 940	405, 940	Letter Contract in course of preparation.
34.	(d) Railway Siding, Cafeteria and Alterations.....	120, 585	120, 585	Letter Contract in course of preparation.
35.	(e) Shell Filling production line, 105 mm. program, St. Paul l'Ermite.....	58, 943 16, 730}	25, 816	See Letter Contract dated February 4, 1952.
36.	(f) Manufacture of Shell cases, Quebec, Que.	2, 864, 696	439, 603	See Letter Contract dated January 4, 1952.
37.	(g) Purchase of Machine Tools to manufacture tooling, St. Paul l'Ermite.....	131, 438	131, 438	See Letter Contract dated February 27, 1952.
38.	(h) Production of 40 mm. H.E. Shells.....	247, 420	247, 420	See Letter Contract dated April 30, 1952.
39.	Canadian Car & Foundry Co. Ltd....	740, 250	94, 819	See Agreement dated November 15, 1951.
40.	International Business Machines Ltd..	888, 057	39, 264	See Agreement set to contractor for execution.
41.	W. E. Mueller Limited.....	113, 200	19, 218	See Agreement dated December 18, 1951.
42.	National Cash Register Co. of Canada Limited.....	420, 493	43, 533	See Agreement dated January 15, 1952.
43.	National Steel Car Corporation Ltd....	113, 180	85, 040	See Agreement dated September 8, 1951.
44.	Orillia Sheet Metal Manufacturing Association.....	21, 750	13, 804	See Agreement dated September 10, 1951.
45.	Trenton Steel Works Ltd.....	812, 920	213, 203	See Agreement dated February 4, 1952.
46.	Tudhope Specialties Limited.....	57, 140	57, 140	See Agreement dated February 18, 1952.
47.	United Steel Corporation Limited....	538, 416	180, 032	See Agreement dated November 3, 1951.
	Machining 105 mm. shells.....	10, 036, 898	1, 947, 050	
			8, 089, 848	
48.	Canadian Arsenal Limited.....	9, 992, 500 150, 000	7, 492, 500 150, 000	
	(a) Rehabilitation of Explosive Plant, Valleyfield, Que.....			
	Manufacture of Nitro Glycerine.....	10, 142, 500	7, 492, 500	

CHEMICAL AND  
EXPLOSIVES DIVISION



Name of Contractor	Description of Project	Total Esti- mated Cost	Expendi- ture 1951-52 and Prior Years	Esti- mated Expendi- ture 1952-53	Comments
		\$	\$	\$	
ELECTRONICS DIVISION					
49. Canadian Arsenals Limited.....	(a) Fuses.....	40,000	.....	40,000	
	(b) Fuses.....	120,500	52,010	68,490	See P.O. No. 4543, dated January 23, 1952.
50. Canadian Aviation Electronics Ltd.....	Inspection facilities for manufacture of electronic equipment.....	4,995	.....	4,995	Contract under negotiation.
51. Canadian General Electric Co. Ltd.....	Manufacture of Radar Equipment.....	50,000	39,649	10,351	P.O. No. 2-P-0-710 dated November 25, 1950.
52. Canadian Marconi Co. Limited.....	(a) Manufacture of Radar Equipment.....	150,000	.....	150,000	
	(b) Manufacture of crystal for 1 mile walkie talkie sets.....	73,899	.....	73,899	See P.O. No. 4778 dated March 29, 1952.
53. Canadian Radio Manufacturing Cor- poration Ltd.....	(a) Manufacture of 1 mile walkie talkie sets (b) Manufacture of crystals for 1 mile walkie-talkie sets.....	163,059	.....	163,059	See P.O. No. 4779 dated April 4, 1952.
		73,365	.....	73,365	See P.O. No. 4780 dated April 23, 1952.
54. National Carbon Co. Ltd.....	Fuses.....	108,700	.....	108,700	See P.O. No. 4797 dated May 5, 1952.
55. Northern Electric Co. Limited.....	Electronic Test Equipment.....	71,913	60,468	11,445	P.O. No. 4256 dated December 1, 1951.
56. Quartz Crystal Mining Corporation of Canada Ltd.....	Development of Quartz crystal mining operation.....	10,000	5,195	4,805	See P.O. No. 4218 dated September 10, 1951.
57. R.C.A. Victor Co. Limited.....	(a) Manufacture of Radar Equipment— Land Radar.....	50,000	36,208	14,792	See P.O. No. 2P-9-702 dated November 21, 1949
58.	(b) Manufacture of Radar Equipment— Naval Radar.....	19,455	.....	19,455	See P.O. No. 102—May 25, 1952.
59.	(c) Fuses.....	99,886	.....	99,886	See P.O. No. 4352—May 5, 1952.
60. Rogers Majestic Electronics, Ltd.....	Manufacture of Test Equipment.....	17,651	.....	17,651	See Agreement dated January 31, 1952.
61. Stewart-Warner Alenite Corporation of Canada Limited.....	Production of Radar Equipment.....	407,159	.....	407,159	No purchase order. Now negotiating contract.
62. Western Clock Co. Limited.....	Fuses.....	599,156	.....	599,156	See P.O. 4796 dated May 6, 1952.
		2,059,738	192,530	1,867,208	

<b>GUN DIVISION</b>					
63. Canadian Arsenals Limited.....	Production of .50 calibre Browning Machine Gun.....	1,000,000	66,294	933,706	See letter Contract dated September 27, 1951.
64. Canadian General Electric Co. Ltd....	Production of 3-inch .50 calibre Twin Gun Mounts.....	764,051		764,051	Agreement not yet signed.
65. Sorel Industries Limited: (a) Longueuil, Que.....	(a) Production of 3-inch .50 calibre Twin Gun Mounts..... (b) Heating System..... (c) Additional equipment for Gun Mounts program.....	412,740 30,412 35,109		412,740 30,412 35,109	Contract dated April 7, 1952, signed. P.O. No. 4549, dated February 5, 1952. Contract dated March 14, 1952, signed.
66. (b) Sorel Plant, Sorel, Que.....	(a) Production of 3-inch .50 calibre Twin Gun Mounts..... (b) Additional equipment re Gun Mounts program..... (c) Housing project.....	2,466,296 71,881 930,000 5,710,489		2,466,296 71,881 41,102 4,755,297	Contract May 14, 1952, signed. Not yet completed.
<b>MACHINE TOOLS DIVISION</b>					
67. Canadian Arsenals Limited.....	Manufacture of gauges.....	330,000	232,332	97,668	
68. Modern Tools Limited.....	Manufacture of Machine Tools.....	232,589 562,589	54,403 286,735	178,186 275,854	See Agreement dated April 8, 1952.
<b>MECHANICAL TRANSPORT DIVISION</b>					
69. Chrysler Corporation of Canada, Ltd....	Manufacture of $\frac{3}{4}$ -ton trucks.....	155,598	141,231	14,367	See P.O. No. 4551 dated January 5, 1952 (part).
70. General Motors of Canada Limited....	Manufacture of $2\frac{1}{2}$ -ton trucks.....	114,240		114,240	See P.O. No. 4777 dated May 5, 1952.
<b>SHIPBUILDING DIVISION</b>					
71. Canadian Shipbuilding and Engineering Co. Limited.....	(a) Manufacture of parts for Minesweeper program..... (b) Manufacture of parts for Minesweeper program.....	8,000 17,167		8,000 17,167	See P.O. No. 4546 dated December 27, 1951.

Name of Contractor	Description of Project	Total Estimated Cost	Expenditure 1951-52 and Prior Years	Estimated Expenditure 1952-53	Comments
<b>SHIPBUILDING DIVISION—Concluded</b>					
72. Canadian Vickers Limited	Construction of Minesweeper parts	29,400	3,163	26,227	See Agreement dated May 17, 1951.
73. Canadian Westinghouse Limited	(a) Manufacture of Allen Auxiliaries. (b) Test Plant	1,072,903 370,700		1,072,903 370,700	See P.O. No. 4883 dated April 25, 1952.
74. Dominion Engineering Co. Ltd.	(a) MAAG Gear Plant. (b) Manufacture of MAAG Gears. (c) Hobbing Machine	1,182,000 1,589,884 40,000	555,144 783,073	626,856 806,811 40,000	See Agreement dated June 12, 1951. See P.O. No. 2L-0-55 dated September 28, 1950.
75. John Inglis Co. Limited	Manufacture of main propulsion equipment for Anti-submarine vessels	494,185 4,922,548 3,000,000	442,342 2,164,110	51,843 4,922,548 835,890	See Agreement dated May 8, 1951. See Agreement dated March 7, 1952.
76. Peacock Brothers Limited	(a) Manufacture of special equipment for escort vessel program. (b) Alteration to test plant.	100,000 250,000 490,000 1,100,938		100,000 80,918 169,082 423,122 160,000	See Agreement dated July 1, 1950. See Agreement dated October 31, 1951. See Agreement dated June 30, 1951.
77. St. John Drydock Co. Limited	Fabricating Aluminum for Minesweeper program	24,550	6,550	18,000	See Agreement dated June 28, 1951.
78. Trenton Steel Works	Manufacture of Rotor Forgings	2,921,016	227,165	2,693,851	See Agreement dated July 26, 1951.
79. Victoria Machinery Depot Co. Ltd.		14,712	5,575	9,137	See P.O. No. 2-L-1, May 17, 1951; 2-L-2-1, April 10, 1952.
<b>SUNDRY</b>					
81. Eastern Woodworkers Ltd.	Bonding of adhesives used in general purpose hut program	45,000		45,000	Agreement in course of preparation.
82. Shoquist Construction Co. Ltd.	Bonding of adhesives used in general purpose hut program	45,000		45,000	Agreement in course of preparation.
83. The Tower Company	Bonding of adhesives used in general purpose hut program	45,000		45,000	Agreement in course of preparation.



84. United Trailer Co. Ltd.....	Bonding of adhesives used in general purpose hut program.....	45,000 ..... 180,000 .....	45,000 ..... 180,000 .....	45,000 Agreement in course of preparation. ..... 180,000 .....
MACHINE TOOLS DIVISION: SPECIAL				
85. ....	Various Projects (advance payments, etc.).	3,000,000 .....	3,000,000 .....	3,000,000
86. ....	Stockpiling of Machine Tools, F.E. 153.....	5,916,900 .....	167,603 .....	4,748,297
87. ....	Overhaul of Machine Tools .....	1,578,646 .....	1,236,515 .....	1,342,131
		10,495,546 .....	1,404,118 .....	9,090,428
	TOTAL--ALL DIVISIONS.....	144,377,291 .....	59,871,499 .....	85,104,792

## COSTS OF PRODUCTION OF T-33 AIRCRAFT

*(Answer to a question by Mr. Macdonnell)*

1: The following figures show the breakdown of costs on this aircraft:

Pre-Production .....	\$ 50,000
Production .....	90,648,532
Tooling .....	10,634,138
Royalties .....	2,137,438
Modifications (to take Nene engine etc.) .....	3,500,000
Spares and Ground Handling Equipment .....	12,951,556
	<hr/>
	\$119,921,664

2: It will be noted that the pre-production expenses totalling \$50,000 are low. There is a considerable amount of pre-production expense included in the item for tooling which involves the building of a static test article and mock-up for the purpose of tool proving. It has been impossible to isolate and redistribute the pre-production costs in the time available.

3: The total of \$119,921,664 includes \$10,384,930 of Sales Tax but does not include \$6,655,519 of U.S. Government-furnished Equipment.

Ottawa, June 13, 1952.













HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

*Chairman: MR. DAVID A. CROLL*

MINUTES OF PROCEEDINGS

No. 17

TUESDAY, JUNE 17, 1952

THIRD AND FINAL REPORT  
AND

1. List of witnesses;
2. List of appendices;
3. List of Exhibits A to Z tabled in the House.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952



### ERRATUM

The ORDER OF REFERENCE dated June 9, 1952, which is printed in No. 15 should be deleted.

### ORDER OF REFERENCE

TUESDAY, June 17, 1952.

*Ordered*,—That the name of Mr. Fulton be substituted for that of Mr. Dinsdale on the said Committee.

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*

## MINUTES OF PROCEEDINGS

TUESDAY, June 17, 1952.

The Special Committee on Defence Expenditure met in camera this day at 11.30 o'clock. Mr. David A. Croll, the Chairman, presided.

*Members present:* Messrs. Adamson, Benidickson, Blanchette, Campney, Cavers, Churchill, Croll, Dickey, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, Larson, Macdonnell (*Greenwood*), Stewart (*Winnipeg North*), Stick, Thomas, Weaver.

The Committee considered a draft report to the House.

The following returns were tabled and marked:

*Exhibit Y:* Estimated cost of certain D.N.D. house types in the City of Calgary, less land valuation and services.

*Exhibit Z:* Explanation and breakdown of an amount of \$165,000,000 relating to the construction of certain D.N.D. buildings.

On motion of Mr. Dickey, the following paragraph was inserted on page 4 of said draft, namely:

### CAPITAL ASSISTANCE

Mr. T. N. Beaupre, Assistant Deputy Minister, Department of Defence Production, gave evidence regarding the policy of the Department in administering capital assistance funds for the construction or acquisition of Crown-owned buildings, machinery and equipment for the production of defence supplies, in cases where the required facilities are not available elsewhere in Canada; and tabled with the Committee a summary of all capital assistance contracts together with the individual contracts, except a small number classified for security reasons.

Mr. Fulton moved, seconded by Mr. Harkness, that the following paragraphs be inserted in the report, namely:

Your Committee is of the opinion that the evidence before it discloses that there has been laxity and negligence in the Defence Department with respect to designing and enforcing measures to prevent loss to the public of Canada by fire, theft and fraud.

While there is evidence of a growing awareness of this problem by senior officials of the Defence Department, as is borne out in the very proper expression of concern contained in a letter recently sent to Command Staffs by the Adjutant General, nevertheless your Committee feels that the matter is not yet fully under control, and recommends that a full and independent enquiry into the whole question, designed to arrive at recommendations to prevent further losses as much as to uncover past ones, be instituted immediately.

Your Committee strongly favours a program of arms standardization, but feels that the evidence tendered before it shows a too great readiness on the part of Canadian officials to accept the American type as the standard, which results in some instances in the adoption of less efficient weapons, or at any rate in the replacement of present articles by types no more efficient, and leads inevitably to great and avoidable



expense in replacement of existing patterns. Your Committee recommends that more study and effort be devoted to achieving a pattern of standardization that does not result in the automatic rejection of all, or most, British type weapons and equipment.

The Committee is concerned over the high cost of defence installations and strongly recommends that the Department of National Defence and the Department of Defence Production consider positive measures to reduce such costs.

The question being put on the proposed motion, it was resolved in the negative.

On motion of Mr. Dickey, the draft report was adopted as amended.

It was agreed that the draft report as amended be presented to the House as the Committee's Third and Final Report.

At 1.10 o'clock p.m. the Committee adjourned *sine die*.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*

NOTE: A letter from G. W. Hunter, Deputy Financial Adviser, Department of Defence Production, to Antonio Plouffe, Clerk of the Committee relating to additional information on capital assistance appears as *Appendix No. 28* to this day's minutes of proceedings.

## APPENDIX No. 28

## DEPARTMENT OF DEFENCE PRODUCTION

JUNE 18, 1952.

A. Plouffe, Esq.,  
Committees Branch,  
Room 431, House of Commons,  
Ottawa, Ontario.

Dear Mr. Plouffe:

With reference to the tabling of certain capital assistance contracts and purchase orders relating to Capital Assistance granted by the Department of Defence Production at the meeting of the Special Committee on Defence Expenditure held Thursday, June 12, 1952, I enclose herewith 2 copies of each of the following documents which were not available at that time.

<i>Item No.</i>	<i>Contractor</i>	<i>Date of Contract or Purchase Order</i>	<i>Estimated Cost</i>
58	R.C.A. Victor Co. Ltd. ....	May 21, 1952	\$ 19,455
65(a)	Sorel Industries Ltd. ....	Apr. 7, 1952	412,740
65(c)	do .....	Mar. 14, 1952	35,109
66(a)	do .....	May 14, 1952	2,043,426
	(one copy only)		(later amended)
79	Victoria Machinery Depot Co. Ltd. ....	Apr. 10, 1952	9,253

Yours very truly,

G. W. HUNTER,

*Deputy Financial Adviser.*

GWH/MS

Encls. 9

NOTE: A copy of each of the above listed items, namely: Nos. 58, 65(a), 65(c), 66(a) and 79 has been tabled in the House as a supplement to Exhibit X.

## REPORT TO HOUSE

Mr. Croll, from the Special Committee on Defence Expenditure, presented the Third and Final Report of the said Committee, which is as follows:—

The Committee was appointed by a resolution of the House adopted on April 3, 1952, reading as follows:

That a Select Committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the Committee shall consist of twenty-six Members to be designated by the House at a later date.

The first meeting of the Committee was held on April 8, 1952, and 18 meetings were held subsequently, the last on June 12, 1952.

The Committee examined numerous witnesses from the Department of National Defence and the Department of Defence Production. These included from the Department of National Defence, Mr. C. M. Drury, Deputy Minister and Mr. E. B. Armstrong, Assistant Deputy Minister (Finance); and from the Department of Defence Production, Mr. M. W. Mackenzie, the then Deputy Minister; Mr. T. N. Beaupre, Assistant Deputy Minister; Mr. K. O. Grant, Director of Mechanical Equipment Division; Mr. E. V. Rippingille, Jr., Director Aircraft Division; Mr. H. R. Malley, Director Ammunition Division; Mr. Wm. Cunningham, Deputy Director Shipbuilding Division, Mr. W. J. W. Reid, Director, Gun Division. In addition, the Committee examined Mr. Angus McGugan, a Commissioner of the Canadian Maritime Commission and Mr. D. B. Mansur, President of Central Mortgage and Housing Corporation.

The witnesses were assisted by numerous other officials who attended the meetings as required.

The work of the Committee was assisted by a Sub-Committee on Agenda consisting of the Chairman, and Messrs. E. T. Applewhaite, R. O. Campney, J. Dickey, P. Gauthier (*Portneuf*), D. S. Harkness, J. M. Macdonnell (*Greenwood*), A. M. Stewart (*Winnipeg North*), and R. Thomas. Nine meetings of the Sub-Committee on Agenda were held and six reports were made.

At its first meeting the Committee passed a resolution recommending that the minutes of proceedings and evidence of the special committee on Defence Expenditure appointed at the second session 1951, together with all papers and records laid before it, be referred to the Committee.

This resolution made available to the Committee numerous documents and statements filed at the hearings of that Committee the most important of which were:

#### Statements

1. Mr. C. M. Drury on the Organization of the Department of National Defence.
2. Mr. M. W. Mackenzie on the Organization of the Department of Defence Production and the procedure for placing orders and letting contracts.
3. Mr. R. B. Bryce on the role of the Treasury Board and the Department of Finance in controlling Defence expenditures.



## Documents (Second Session, 1951)

- D. Monthly Pay and Allowances for all Ranks.
- E. NATO—Mutual Aid Programme to Dec. 10, 1951.
- F. Statement of Estimates Allotments and Expenditures 1950-51.
- G. Cumulative Statement of Expenditure 1951-52 to November 30, 1951.
- H. Analysis of Requests for Contracts by Procurement Agency.
- I. Summary of Expenditures 1950-51 and 1951-52 to October 31, 1951.
- J. Cost of Canadian Navy, Army and Air Force Operations in the Korean theatre to October 31, 1951.
- K. Cost of 27th Canadian Infantry Brigade to November 30, 1951.
- L. Barracks and Messes contracted for from April 1950 to October 1951.
- M. Land and Buildings purchased and rented from April 1950 to October 1951.
- N. Orders placed by Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence for selected operational equipment to the value of \$1,238,000,000.

In addition to having at its disposal these documents tabled with the Special Committee on Defence Expenditure of the Second Session of 1951, the Department of National Defence revised to January 31, 1952, and tabled with the Committee all the appendices mentioned above with the exception of appendices F and N, comprising thirty-nine pages in the printed minutes and proceedings. Appendix F was complete in itself and the Department of Defence Production expanded and elaborated appendix N. The revised document, "Canadian Defence Orders, April 1950 to January 1952", contained 46 pages and set out 507 orders with a value of over \$1,300,000,000, covering the principal items of operational equipment ordered by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence in the period April 1, 1950 to January 31, 1952.

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), of the Department of National Defence, gave a detailed explanation of the Control and Accounting of Materiel and Stores in the Department of National Defence. In addition, the Committee requested and obtained documents containing detailed information regarding thefts, frauds, fires and other write-offs in the Navy, Army and Air Force during the fiscal years 1950-51 and 1951-52. These documents contained a total of 182 pages of relevant information.

All information sought by the Committee was obtained except that no action was taken with regard to the following matters:

Component parts of certain fighter aircraft, ships and armament considered secret.

## Capital assistance

Mr. T. N. Beaupre, Assistant Deputy Minister, Department of Defence Production, gave evidence regarding the policy of the Department in administering capital assistance funds for the construction or acquisition of Crown-

owned buildings, machinery and equipment for the production of defence supplies, in cases where the required facilities are not available elsewhere in Canada; and tabled with the Committee a summary of all capital assistance contracts together with the individual contracts, except a small number classified for security reasons.

A great number of other documents were tabled and printed as appendices, and oral statements made in reply to specific requests and questions.

#### Control and Accounting of Materiel and Stores in the Department of National Defence

The Committee called Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), of the Department of National Defence, to give an account of the systems for control and accounting of materiel and stores in the Department.

Mr. Armstrong first gave a general description of the procedures in use at the five naval depots, at the four central ordnance depots of the army, and at the four air force supply depots, and then outlined the responsibilities of the following five main divisions into which a section is divided:

1. the stock control section
2. the warehousing section
3. the receipt and issue section
4. the technical services section
5. the stocktaking section

The witness then outlined the system of unit control of stores in each Service and in this respect the procedure and methods used by the Navy were discussed in detail.

The witness outlined the procedure of stocktaking for permanent stores, consumable stores, armament stores and navy victualling and the system in use for navy dockyard cost accounting.

The Committee also heard a report on the system of control in the army the air force dealing with expendable stores, non-expendable stores, food-stuffs, spare parts, fuel, gasoline and lubricants, dental stores, materials and supplies, and medical stores and equipment.

A detailed explanation of the organization, personnel and responsibilities of the Chief Auditor's Branch of the Department of National Defence, and the write-off procedure being used by the Department was given by the witness.

#### Write-offs due to Theft, Fire and Other Causes

The Committee examined documents tabled by the Department showing detailed write-offs during the fiscal years 1950-51 and 1951-52, analysed by losses due to theft or fraud, and fire or other causes.

The losses (less recoveries) for the two fiscal years as reported in these documents are as follows:

	Royal Canadian Navy	Canadian Army	Royal Canadian Air Force	Total
	\$	\$	\$	\$
Due to theft or fraud .....	4,947.13	65,119.25	15,743.37	85,809.75
Due to fire .....	317,812.56	2,415,589.25	2,472,468.73	5,205,970.54
Other Write- Offs .....	1,171,104.65	465,238.14	576,588.36	2,212,931.15

In the above-mentioned write-offs of the Royal Canadian Navy totalling \$1,171,104.65 is included \$1,055,000 covering aircraft attrition during the years covered. Similarly the figures for the R.C.A.F. of \$576,588.36 include \$303,617 covering operational damage to two aircraft.

During the same period that these losses occurred surpluses were taken on charge as the result of stocktakings amounting to \$643,193.09.

Two major fires, one at No. 26 C.O.D. Ottawa on June 2, 1951, and the other at No. 6 Repair Depot, R.C.A.F., Trenton, on January 2, 1952, accounted for \$3,036,420.26 of the \$5,205,970.54 losses due to fire in all three Services.

#### Fire Losses

The fire losses at the No. 26 C.O.D. at Ottawa and at No. 6 Repair Depot R.C.A.F. at Trenton were examined in detail. In its examination the Committee was provided with the findings and recommendations of the Courts of Inquiry that investigated these losses and such other information as they required. The Committee made a physical inspection of No. 26 Central Ordnance Depot in the course of its examination of the fire losses at that depot.

The causes of the fires at No. 26 C.O.D. Ottawa, on June 2, 1951, and at No. 6 Repair Depot R.C.A.F., Trenton, on January 2, 1952, are both unknown. Evidence was given that the Department of National Defence had taken steps to provide such improvements in fire protection measures as the investigation of these fires indicated to be desirable, but not all measures recommended had been fully completed.

#### Farnham Camp

The Committee also examined in detail the losses by theft at Farnham Camp that occurred in 1949, and the following evidence was given:

- (a) The camp was established in 1941.
- (b) It consisted of temporary buildings with an estimated life of ten years to provide services for a tent camp.
- (c) The original cost of the camp, including clearing, excavation services, etc., was \$96,344.40. The depreciated value in 1949, based on the life expectancy of ten years, was \$9,634.44.
- (d) There were 214 buildings in the camp. Thirty-one of these huts were stolen. Twenty-six of the huts stolen were recovered. In addition to the huts, some used engineer stores were stolen. The estimated value of the theft is \$5,354.11, of which the amount recovered was \$1,803.50, leaving a net loss of \$3,551.61.



- (e) The two civilian caretakers at the camp were directly implicated in the theft.
- (f) The engineer corps was responsible for conducting periodic checks of the camp and in some instances failed to report thefts to the appropriate authorities. The officer concerned was not formally disciplined because the seriousness of this omission was mitigated by the heavy work load falling on this officer during the period in question.
- (g) The Court of Inquiry found that absolute security of the camp would have entailed the employment of sixteen men on a full-time basis at estimated cost of \$24,000 a year.
- (h) One hundred and eighty-three of the buildings at the camp were disposed of through Crown Assets Corporation in 1950. The sale price was \$4,840, an average of approximately \$26 per hut.

#### Canadian Defence Orders, April 1950 to January 1952.

The Committee examined Exhibit A entitled "Canadian Defence Orders", containing a forty-six page listing of 507 orders, with a total value of \$1,300,000.000 of selected items of operational equipment placed by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence in the period April 1, 1950 to January 31, 1952. In accordance with the first report of the Sub-Committee on Agenda the first portion of this exhibit to be discussed was the section containing 108 items dealing with tanks, self-propelled weapons and other military vehicles.

A composite item relating to aircraft, amounting to \$668,962,840, was not inquired into for reasons of security.

#### Vehicles

The Committee was given an outline of the problems involved and the policy followed in procurement of the three basic types of operational vehicles in the Canadian program.

The Committee learned that the three types referred to were intended for field forces, and incorporated special characteristics in their wiring, their frames and motors, and their general construction which made them suitable for combat purposes. The witnesses stated that the Department of National Defence does, so far as possible, purchase vehicles of commercial design for normal administrative peacetime use in Canada, but the items under consideration were not intended for normal administrative use, but rather for field use.

Other vehicle contracts discussed in detail by the Committee dealt with 25-, 30-, and 50-ton transporters, buses, flamethrowers, trailers and tanks.

#### Armament and Ammunition

The Committee heard evidence on 312 items dealing with the subject of armament and ammunition purchases.

Expenditures for a great variety of arms and ammunition were considered in detail by the Committee, including small arms and machine guns under .60 calibre (or 15.2 mm.); artillery and naval guns over .60 calibre; mortars and missile launchers; miscellaneous ordnance and related products; ammunition under .60 calibre; ammunition over .60 calibre; miscellaneous ammunition; bombs, components and related products.

The considerations of military function, economy and possible alternative sources of supply underlying decisions to purchase various items were outlined to the Committee.

#### Aircraft

The Committee examined the 21 orders included in the document "Canadian Defence Orders".

Evidence was heard concerning types of aircraft and costs. Particular consideration was given to the costs of manufacturing the T33 and Harvard aircraft and various other items including helicopters and expeditors were examined.

The Committee learned that a number of different types of military aircraft were being acquired by the United States from Canadian manufacturers.

#### Ships

The Committee heard evidence relating to the Naval shipbuilding programme in general and it was reviewed in the light of the 66 orders for this equipment listed in the "Canadian Defence Orders". Information was made available concerning the uses, specifications and costs of a number of different types of vessels. Evidence was also heard in this connection on the terms of contracts and their method of negotiation.

A member of the Maritime Commission was called and outlined to the Committee the Commission's policy in recommending shipyards to undertake construction and repair work on behalf of the Federal Government.

#### Basis of Procurement of Barrack Stores and Clothing Including Items for Mobilization

The Committee received from the Deputy Minister of National Defence an explanation of the basis of procurement of barrack stores and equipment for the three services during the two year period under review.

The Committee heard evidence that at the beginning of each fiscal year, the provisioning branches of the three services estimate the amount of the various items of stores which will be required in the following twelve month period.

Such provisions are required:

1. To fill present consumption
2. To replenish the operating stock
3. To cover the lead period (of nine months) during which orders have been placed but shipment has not been received.
4. For mobilization stockpiles.

It was given in evidence that the outbreak of the Korean war necessitated the outfitting of a new brigade on short notice with the result that the stocks of clothing, personal equipment and barrack stores were virtually exhausted. Consequently, it became necessary in 1950 to replace those depot stocks which had been consumed in these special circumstances. Moreover, from April 1, 1950, to April 1, 1952, the total strength of the armed forces both active and reserve increased from 101,110 to 159,133.

In 1951 it was decided to acquire stores, clothing and equipment to provide for rapid mobilization in the event of war. Because of the urgency of the situation the quantities of a number of items for mobilization were cal-



culated by taking the total number of men to be brought in and multiplying this by the scale of issue of each item of equipment. In that connection the witness stated that a more precise calculation of the requirements of each of these items might have been achieved if in respect of each item a detailed study could have been made of the types and numbers and locations of all installations which would be needed in the event of a general mobilization, and on the basis of these detailed studies a calculation made of the stores required to operate each of the installations. However, in 1951, neither the time nor the staff was available for such an operation. Moreover it was pointed out that the plan for mobilization if it becomes necessary to implement it, must be very flexible, so that it is valid for an immediate mobilization or for one in the distant future, for one that takes place in summer or one that takes place in winter.

Contract demands were raised covering these requirements and the Department of Defence Production proceeded to purchase the items.

Evidence was given to indicate that because camp, barrack and hospital stores are all designed as nearly akin as possible to normal articles of commercial manufacture, the delivery of these items has been very much more rapid than the delivery of arms for which a much more limited capacity exists. It was pointed out that they do not, however, become obsolete, and if the requirement for holding mobilization stocks of these items disappears they can be taken into current use, reducing the need for procuring during the subsequent period further items for consumption. Generally speaking, with some exceptions most of the items would be consumed in a year to a year and a half of current operations at the present level.

The Committee heard evidence that, since the original requisitions were placed, the Department of National Defence is continually reviewing its requirements in the light of changing circumstances, with the result that in many cases adjustments in the orders have resulted.

The Committee gave detailed consideration to some of the Department's requisitions for such items of barrack stores and clothing as serving forks, teapots, rugs, carpets, lamps, suitcases and trunks, headgear, socks, footwear, battledress and coats.

The evidence before the Committee with regard to the provision of boots and shoes may serve as a useful example of the considerations governing the provision of such stores. The Committee heard evidence that footwear was acquired on the basis of a predetermined rate of consumption which varies with the item and in some cases the service and that it covered a large number of items including boots and shoes, motorcyclist boots, flying boots, mukluks, overshoes, gym shoes, rubbers, etc.

The witness outlined the requirements of boots and shoes for the three services for 1950-51 and 1951-52. In that connection he stated that the basis of the R.C.N. calculation for the active and reserve forces for 1950-51 are apparent from an examination of scales of issue for the various components of the force, and the consumption in footwear as calculated for each component, in conjunction with current strengths and new intake.

First of all, in the R.C.N. active force, with a strength of 10,715, and a consumption rate of one pair of boots or shoes per man per year, the maintenance or upkeep requirement was 10,715 pairs. The gross intake during the period was 2,762 men, and the scale of issue for new entries was three pairs per man, making an intake requirement of 8,286 pairs. Thus the Navy, active force, had a total requirement for 1950-51 of 10,715 plus 8,286, or 19,001 pairs of boots and shoes.



Relating the same factors for the Naval reserve force, it had a strength of 3,579 men and a footwear consumption rate of one per man per year, creating a maintenance requirement of 3,579 pairs. The gross new intake was 883 men who, provided with two pairs each, required 1,776 pairs. Thus the total requirements for the reserve force for 1950-51 was 3,579 plus 1,776, or 5,345 pairs.

The University Naval Training Divisions had a strength of 1,648 men, and a footwear consumption rate calculated, as for the reserve force, at one pair per man per year. The maintenance requirement, then, was 1,648 pairs. The gross intake for the period was 500 men, and new issues were made of 2 pairs per man, creating an intake requirement of 1,000 pairs. The total requirement, U.N.T.D., was thus 2,648 pairs. Finally the Royal Canadian Sea Cadets, with a strength of 10,000 members, are allowed a consumption rate of 25% of their strength, making the maintenance requirement 2,500 pairs. The gross intake was estimated at 5,000, and this, with a scale of issue on entry of one pair per member, called for 5,000 pairs. Thus the total for the Sea Cadets is 7,500 pairs.

These four totals of 19,001; 5,345; 2,648; and 7,500 add up to 34,494. The evidence further indicated that allowance must be made for distribution stocks of 10% of the gross intake requirement, which adds another 1,605 pairs; and 25% of this latest total (or 9,024) must be added in order to ensure a sufficient variety of sizes at each issuing point. The grand total, then, for 1950-51, is 34,494 plus 1,605 plus 9,024, or 45,123 pairs.

For 1951-52 a similar basis of computation produced a requirement of 56,191 pairs.

The mobilization stockpile for the Navy was computed at 108,000 pairs or roughly the equivalent of two years consumption at the current rate.

Evidence was given to indicate that army requirements were based on the same type of calculations with two added elements. One year's operating stock or 32,000 pairs of footwear required to be held in the Korean Theatre for the 25th C.I.B. Provision was made for this in the 1950-51 figures. A similar operating stock amounting to 21,000 pairs of footwear for the 27th C.I.B. based on a lower rate of consumption, was provided for in the 1951-52 requirement.

The total army requirement for 1950-51 as outlined by the witness amounted to 283,294 pairs of boots and shoes and for 1951-52, 358,016. The mobilization stockpile for the army was computed at 522,525 pairs of boots and shoes.

Requirements for the R.C.A.F. based on calculation similar in type to those made by the other two services amounted to 83,003 pairs for 1950-51, and 121,267 pairs for 1951-52. The requirement for mobilization stockpile was computed at 72,090 pairs.

### Construction

The Committee heard a statement on the construction program of the Department of National Defence as carried out by Central Mortgage and Housing Corporation and Defence Construction Limited from Mr. D. B. Mansur, the

President of the Central Mortgage and Housing Corporation. The relationship of these two corporations to each other and to the Department of National Defence was outlined, and the process of initiating action for needed construction was described.

The evidence indicated that the married quarters program for the three years 1949 to 1951 comprises 10,658 dwelling units and 31 schools for dependents, as well as the land development for these projects.

The witness provided figures showing the amount of money committed for married quarters and other construction to date, and the amount of payments already made against such commitments. The total amount of money committed for married quarters construction to date is \$110,886,000. of which payments to date have been made in the amount of \$77,262,000. Contracts still to be awarded are estimated at \$16,158,000. It was pointed out that about 16,000 men or about 12% of what is considered the construction industry are employed on site at the present time on defence construction contracts of all kinds.

The witness stated that married quarters are planned without frills to produce maximum livable floor area at minimum cost, while maintaining a standard of construction which compares favourably with other housing projects of a similar class built in Canada in the same period. Plans and specifications were described as a reasonable minimum in the light of circumstances.

The witness stated that disagreements between Central Mortgage and Housing Corporation and the Department of National Defence are based chiefly on the latter's unwillingness to authorize expenditures of money on certain items which the Corporation considers should be included.

Evidence was given that schools for dependents being built for the Department of National Defence were about the equivalent of schools at present being built in urban communities across Canada.

The Committee was informed that other military construction includes nearly every type of building, but the types which are most often repeated across the country are barrack blocks, messes, storage buildings, hangars and central heating systems.

It was stated in evidence by Mr. Mansur that in his opinion the layout and specifications for barrack blocks and messes are of an adequate but not lavish standard of accommodation.

University construction of men's residences during the last ten years is of a class and kind considerably higher in quality than that being provided for the armed services.

The Committee learned that payroll deductions are made against personnel occupying married quarters.

A copy of the minutes of proceedings and evidence adduced is tabled herewith, together with twenty-six Exhibits filed before the Committee.

All of which is respectfully submitted.

DAVID A. CROLL,  
*Chairman.*

## LIST OF WITNESSES

1. Mr. C. M. Drury, Deputy Minister, D.N.D.
2. Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), D.N.D.
3. Mr. M. W. Mackenzie, former Deputy Minister, D.D.P.
4. Mr. T. N. Beaupre, Assistant Deputy Minister, D.D.P.
5. Mr. K. O. Grant, Director, Mechanical Equipment Division, D.D.P.
6. Mr. W. J. W. Reid, Director, Gun Division, D.D.P.
7. Mr. E. V. Rippingille, Jr., Director, Aircraft Division, D.D.P.
8. Mr. H. R. Malley, Director, Ammunition Division, D.D.P.
9. Mr. Wm. Cunningham, Deputy Director, Shipbuilding Division, D.D.P.
10. Mr. Angus McGugan, Commissioner of the Canadian Maritime Commission.
11. Mr. D. B. Mansur, President and Chairman of Central Mortgage and Housing Corporation.

LIST OF APPENDICES PRINTED IN THE MINUTES OF PROCEEDINGS  
AND EVIDENCE

	PAGE
1. Advertising expenditures by service and month (fiscal year 1950-1951) for the three Services, printed as Appendix No. 2 .....	23
2. Table of monthly pay and allowances for the three Services effective December 1, 1951—(Revision of Appendix D printed on page 102 of the 1951 Committee proceedings), reprinted as an appendix to No. 1, 1952 Committee Proceedings .....	24
3. NATO Mutual Aid Program to January 31, 1952—(Revision of Appendix E printed on page 104 of the 1951 Committee Proceedings) .....	26
4. Cumulative statement of expenditures, forecasts and actual, 1951-1952—(Revision of Appendix G printed on pages 108 to 113 of the 1951 Committee Proceedings.) .....	27
5. Analysis of requests for contracts by Procurement Agency to January 31, 1952—(Revision of Appendix H printed on pages 114 and 115 of the 1951 Committee Proceedings) .....	35
6. Summary of expenditures to January 31, 1952 (Departmental administration, the three Services, and Defence Research Board)—(Revision of Appendix I printed on pages 118 to 131 of the 1951 Committee Proceedings) .....	37
7. Cost of training, equipping and maintaining the 25th Canadian Infantry Brigade to January 31, 1952—(Revision of Appendix J printed on pages 132 and 133 of the 1951 Committee Proceedings) .....	46
8. Estimated cost of Korean airlift to January 31, 1952—(Revision of Appendix J printed on page 134 of the 1951 Committee Proceedings) .....	48
9. Cost of Navy's contribution to Korean operations to January 31, 1952—(Revision of Appendix J printed on page 135 of the 1951 Committee Proceedings) .....	48



	PAGE
10. Cost of training, equipping and maintaining the 27th Canadian Infantry Brigade to January 31, 1952—(Revision of Appendix J printed on page 136 of the 1951 Committee Proceedings) .....	49
11. Barracks and messes contracted for by armed forces showing numbers and type and total and per capita cost to January 31, 1952—(Revision of Appendix L printed on pages 156 to 161 of the 1951 Committee Proceedings) .....	50
12. Purchase of land and buildings from April 1, 1950 to January 31, 1952, leases of land and buildings in force as at January 31, 1952, and land and buildings leased since April 1, 1950 but terminated prior to January 31, 1952—(Revision of Appendix M printed on pages 162 to 177 of the 1951 Committee Proceedings) .....	50
13. Answer to Mr. Macdonnell's question relating to serving forks ..	108
14. Answer to Mr. Adamson's questions relating to customs duties on defence material .....	108
15. Answer to Mr. Wright's questions relating to contracts awarded to Canadair .....	109
16. Table of additional figures on Army vehicles for the 25th Brigade	113
17. Number of buses at R.C.A.F. centres .....	136
18. Revised forecast expenditures on selected items of mechanical equipment including Transport (three Services) .....	137
19. Findings of Administrative authority relating to loss due to damage to Building—H.M.C.S. Dockyard, Halifax, N.S. ....	235
20. Findings of administrative authority relating to loss due to damage to Hangar—R.C.N. Air Station, Dartmouth, N.S. ....	235
21. H.M.C.S. Stadacona, organization chart .....	260
22. Architectural plan—No. 26 Central Ordnance Depot .....	284
23. Organization of No. 26 Central Ordnance Depot .....	309
24. Chain of responsibility for supply and distribution of clothing and general stores (No. 26 Central Ordnance Depot) .....	310
25. Summary of capital assistance program (Department of Defence Production) approved to May 31, 1952, relating to formal contracts tabled as Exhibit X on June 12, 1952 .....	450
26. Cost of Production of T-33 aircraft, in answer to Mr. Macdonnell	458
27. Letter from G. W. Hunter, Deputy Financial Adviser, Department of Defence Production, to Antonio Plouffe, Clerk of the Committee relating to additional information on capital assistance .....	461

## LIST OF EXHIBITS FILED BEFORE THE COMMITTEE AND TABLED WITH REPORTS

A—Canadian Defence Orders (April 1950-January 1952). A statement on major orders for selected items of operational equipment placed by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence in the period April 1, 1950 to January 31, 1952.

B—Losses due to theft or fraud, fire and write-offs. Navy—(1950-51 and 1951-52).

C—Losses due to theft or fraud, fire and write-offs. Army—(1950-51 and 1951-52).

D—Losses due to theft or fraud, fire and write-offs. Air Force—(1950-51 and 1951-52).

E—Statement of losses due to theft or fraud at Farnham Camp.

F—List of stores stolen at Farnham Camp.

G—Breakdown showing details and amounts of stores included in return by Royal Canadian Navy on other write-offs, 1950-51 shown under item XI of Exhibit B.

H—Institution of Naval Supply Depot accounting procedure.

I—List of Naval aircraft declared surplus 1950-51 and 1951-52.

J—Outside assistance used by Boards investigating Naval aircraft crashes.

K—Property still owned by DND—Farnham Camp and security measures taken to protect it.

L—Disciplinary action taken against Quebec Command Engineer Officer for tardiness in reporting thefts at Farnham.

M—The value of the building and stores at No. 26 C.O.D. at the time of the fire on March 6, 1950, June 2, 1951, and January 1, 1951.

N—Organization of Ottawa Fire Prevention Bureau.

O—The date the report of the Court of Inquiry following the fire at No. 26 C.O.D. on March 6 was submitted.

P—Estimated cost of implementing the recommendations of Court of Inquiry following fire at No. 26 C.O.D., March 6, 1950.

Q—The value of column (d) "Surplus taken on Charge" which appears on statements tabled May 8, 1952 titled "Other write-offs", 1950-51, and 1951-52, for the three services.

R—Cost of long term storage of mechanical equipment.

S—Shortfall of expenditure in RCAF mechanical transport equipment.

T—Tanks assigned to 25th Canadian Infantry Brigade.

U—.22 Rifle Bracket (Item No. 120—"Canadian Defence" Orders) tabled as Exhibit A.

V—Request for an example from any service establishment showing how the arms and ammunition lost in a fire are checked and identified against the records.

W—Quantities, description and value of arms and ammunition lost by fire or theft or written off included in Exhibits B, C and D filed with the Committee on May 8, 1952.

X—Copies of formal contracts, letters of intent, etc.; relating to capital assistance together with departmental documents Nos. 26, 30 and 31, being general conditions of contracts—less particulars on secret or classified list.





















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